

# The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, NOVEMBER 24, 1927

## SENTINEL FIRE INSURANCE COMPANY SPRINGFIELD, MASSACHUSETTS

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the test of time! 145 years of  
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*World-wide interests.*

*Absolute security.*

*Excellent Service and Facilities*

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**ASSURANCE COMPANY, Ltd.**  
**of LONDON**

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NEW YORK

**PHOENIX**  
**INDEMNITY COMPANY**  
150 WILLIAM STREET

NEW YORK



Standard Fire Insurance Policy of the State of New York  
 Expires February 15, 1927.  
 Property 496 Second Avenue  
 Amount \$100,000 Premium \$ 168.40  
 Assured CHARLES E. BROWN, Inc.  
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**ROYAL INSURANCE COMPANY LIMITED.**

**LEADING AGENTS and BROKERS EVERYWHERE**

It is important that the written portions of all policies covering the same property read exactly alike. If they do not they should be made uniform at once.

Brown Bros.

**G**OODS FOR CONSUMPTION are necessarily stocked in great quantity and variety. In this final stage involving commercial credit, the possibility of loss is tremendous and insurance more than ever a requisite.

The Red Royal Shield on a policy is the guarantee of protection by an organization that has never failed to fulfill its contracts.

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## Boom!

A gas tank in Pittsburgh—a garage in the heart of New York and hundreds of other less spectacular explosions have done considerable damage in recent months.

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The Continental Special or the Home Office is ready to give you every aid in pushing this coverage.

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INSURANCE COMPANY**  
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CASH CAPITAL — TEN MILLION DOLLARS

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"The Continental Commands Confidence"

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# The National Underwriter

Thirty-first Year, No. 47

CHICAGO, CINCINNATI AND NEW YORK, THURSDAY, NOVEMBER 24, 1927

\$4.00 Per Year, 20 Cents a Copy

## HAIL COMMISSIONS TO AGENTS TO BE CUT

Small Reductions Will Be Made in High Rated Territory Only

## HAIL ASSOCIATION MEETS

Rate Increases for Kansas, Minnesota, Nebraska, Colorado, Wyoming and North and South Dakota

Commissions to agents on hail insurance will be slightly reduced as a result of the decision reached at the annual meeting of the Western Hail and Adjustment Association held in Chicago last week. The executive committee of the association will meet in Chicago on Friday of this week for the purpose of determining how deep the commission cut shall be.

### Two Suggestions Made

Some members of the Hail Association feel that in all territory where the hail rate is 6 per cent or higher there should be a reduction in commissions on all forms of business produced of 5 per cent. Another group of hail underwriters feel that the reduction should be 2½ per cent and applicable only in the territory where the rate is 7 per cent or higher. It is almost a certainty that either one of these plans will be adopted by the executive committee this Friday. The association as a whole agreed that commissions should be reduced but left the method of reducing them to the executive committee.

### Paying on Hazard

The feeling of almost all hail underwriters is that at present commissions are being paid on hazard rather than as the result of real selling effort on the part of the agent. That is, in sections of Kansas, Colorado and other localities where hail storms are frequent the hail rate is from 8 to 14 per cent. Because the rate is high premiums are large, and upon the larger premiums the agent, of course, receives a higher commission. The consequence is that agents in such territory receive large commissions, not because of selling industry but simply because the rate is high. The hazard being so great, the assured regards hail insurance as a necessity and buys it frequently without solicitation on the part of the agent. There is no intention of reducing commissions in the low rated hail territory where the business is profitable and where the agent must be active and industrious in order to get the business.

### Rates to Be Raised

The decision to lower the commissions in the hazardous territory was the outstanding feature of last week's meeting of the Hail Association. Rates will be increased in Kansas, Minnesota, North and South Dakota, Nebraska, Colorado and Wyoming, but slightly re-

(CONTINUED ON PAGE 14)

## MANY PROMOTIONS MADE BY TRAVELERS COMPANIES

### THREE NEW VICE-PRESIDENTS

Underwriting and Agency Departments Are Organized to Handle Business of Travelers Fire

HARTFORD, Nov. 23.—A long list of promotions in the executive staffs of the three Travelers companies was announced here this week.

R. J. Sullivan, who has been secretary of the compensation and liability department of the Travelers and vice-president of the Travelers Indemnity was elected vice-president of the Travelers. H. H. Armstrong and Major Howard A. Giddings, superintendents of agencies, were likewise elevated to vice-presidents. Jesse W. Randall succeeds Mr. Sullivan as secretary. Walter E. Mallory was named to the newly created office of agency secretary.

### Life and Casualty Promotions

In the life, accident and group agency department J. O. Hoover and Gordon V. Kuehner were promoted to superintendents of agencies; S. S. May and J. S. Reber to assistant superintendents of agencies, and Charles S. Dixon, Jr., J. E. McNeal and Glenn H. Knigge, agency assistants.

Promotions in the casualty agency department were: Tracy W. Smith and Arthur D. Spring to superintendents of agencies, and Harry C. Leavens and A. Stewart Gray to assistant superintendents of agencies.

### Changes in Travelers Fire

For the Travelers Fire, announcement was made of the formation of underwriting and agency departments along the general lines found successful by the older Travelers companies.

Joseph Leahy was advanced to the executive staff with the title of assist-

## E. S. INGLIS TO JOIN CORROON & REYNOLDS

### TO BE MADE VICE-PRESIDENT

Has Been with North British Fleet for Twenty Years—Is Expert Petroleum Risk Underwriter

Edward S. Inglis, who has been general agent of the western department of the North British & Mercantile fleet, has resigned to join Corroon & Reynolds, accepting the position of vice-president of the various companies in the Corroon & Reynolds fleet and underwriting manager for all territory outside the eastern states and Canada.

Mr. Inglis has been with the North British fleet for more than 20 years. He started as an office boy and worked his way up to the position which he recently resigned. Together with his general underwriting experience he also has had extensive experience in under-

(CONTINUED ON PAGE 6)

ant secretary, continuing his supervision of the Pacific coast business. Frank W. Young and Hugh L. Sowards became secretary and assistant secretary of the eastern department. Esmond Ewing and Charles P. Jervay, manager and assistant manager of the southern department, became secretary and assistant secretary, and Harry C. Bean became secretary.

### Safford Heads Agency Department

Robert D. Safford was made head of the agency department of the fire company, with the title of superintendent of agencies. He will have as assistant superintendents William C. Kirkland, Roger W. Wight, Howard S. Jarvis and James A. Hall. Harry H. Quiby was named agency assistant and W. E. Boyd, Jr., supervisor of agency field service, will continue in that capacity.

## PROMOTED IN TRAVELERS ORGANIZATION



R. J. SULLIVAN  
Made Vice-President of Travelers



ROBERT D. SAFFORD  
Agency Superintendent Travelers Fire

## HARRINGTON CLARIFIES BIG NATIONAL ISSUE

Makes First Appearance as President of National Association

### DEFENDS AGENCY SYSTEM

Reviews History of Controversy Over Non-Policy-Writing Agents and Outlines Present Stand

JOLIET, ILL., Nov. 22.—Making his first public appearance as president of the National Association of Insurance Agents in a talk here today to the annual meeting of the Illinois Association of Insurance Agents, W. Eugene Harrington devoted the greater part of his time to an analysis of the national controversy over the non-policy-writing agent, clarifying the issues and presenting the association's present stand. He said:

### One of Chief Problems

"In the business of insurance we seem to have with us always problems of varying degrees of importance. No sooner is one adjusted than another presents itself. Today one of the most serious in the fire insurance business is branch office operation with its resultant non-recording-agent attribute. The situation is quite as acute for the companies as for the agents, and seriously involves the public interest, both as to insurance cost and type of service rendered by the producer. It is, therefore, not a problem to be settled by the companies or agents alone, or by manifestes, or by an arbitrary attitude on the part of either interest.

"For quite some time lately many of the discussions of this problem have centered around and about the Travelers Fire and the Eastern Underwriters Association.

### Association Is Active

"During this period of sundry discussions the National Association of Insurance Agents vigorously opposed both the branch office system of operation and the creation or maintenance by any company or companies of non-policy-writing agents.

"Upon one occasion we declared that the American agency system had brought about an insurance service to the public that is without parallel in any business in the world, and that any practice which imperils that system should arouse the interest of its friends and supporters. We repeatedly called the attention of the insurance companies to the trend of business in branch offices through non-policy-writing agents which threatens the business of insurance properly distributed.

"Upon another occasion we said that there was no public need or demand for the services of producers other than recording agents and brokers, and protested company recognition of those who

serve not and who are an economic waste in the business of insurance. The payment by companies of commissions to non-policy-writing agents greater than fixed brokerage is a concession to certain types of branch offices that is unwarranted and is unfair to legitimate producers and to those companies supporting the American agency system.

#### Companies Also Interested

"We were not alone in our opposition to this movement. Many of the fire insurance companies were not pleased with the drift of affairs as disclosed by the reports and discussions, but openly opposed any extension of the branch office system of fire company operation and vigorously objected to permitting non-policy-writing agents to continue as producers of insurance. Naturally the National association expressed gratification at the cooperative attitude of these companies so opposing the trend and we united with them in declaring that the practice was not in the interest of the business, was economically unsound, and wholly without public benefit.

"Some of the discussion, and perhaps



W. EUGENE HARRINGTON  
President National Association

some misunderstandings arising in connection therewith, were occasioned by the lack of knowledge with reference to just what the E. U. A. rules were on the subject, if any.

#### Saw Confusion Ahead

"The sound opinion was advanced by the National association that if any company, particularly the Travelers Fire, was about to extend its production operation through a horde of non-policy-writing agents, reporting into its several branches, that such a condition might well provoke further confusion in the business with resultant chaos in the local agency system.

"A profound student of insurance of many years' experience, early in September, writing in the New York 'Journal of Commerce,' showed deep sympathy with the views of the local recording agents. He felt that if the E. U. A. finally decided to recognize non-policy-writing agents as a class of producers different from brokers and entitled to more compensation, such a decision was likely to have a far-reaching effect on the American agency system. He felt that that system must be justified largely on the ground that the local agent performs for the company essential services over and above the service of a broker or non-policy-writer, that are economical and satisfactory.

#### Opened Way to Trouble

"He then pointed out that the company organization (meaning the E. U. A.) is considering another class of producers, who do no more than brokers

## ST. LOUIS TAX CASES ARE DECIDED FOR COMPANIES

### LEVY ON RESERVES ILLEGAL

Test Suit Brought by American Automobile Will Apply to All Classes of Companies

ST. LOUIS, Nov. 23.—The city of St. Louis has been defeated in its efforts to force insurance companies with home offices in this city to pay taxes on their reserves. The Missouri Supreme Court, in the suit of the American Automobile to quash an assessed valuation of \$375,000 for 1926 taxes levied by the city assessor and board of equalization upheld the constitutionality of Section 6386 which specifically exempts legal reserves and unpaid policy claims by permitting the companies to deduct such items in making returns for taxation. The assessor and board of equalization had ignored Section 6386 on the theory that it was unconstitutional, attempted to bring the insurance companies under the general taxation laws of the state, and increased the tax assessments of all the companies very materially.

#### Applies to Other Suits

By stipulation of counsel the decision in the American Automobile case also settled six similar suits involving increased tax assessments on the Citizens, International Life, Missouri State Life, Central States Life, American Central and Indemnity Company of America. The decision not only invalidates taxes on the excess assessments for 1926, but high court has specifically stipulated the legal manner for taxing insurance companies in the state.

Justice Walker in his decision stated that in the face of a law held to be valid that specifically fixed the method of assessing domestic insurance companies, and in the absence of any law conferring power to tax property of such companies by any method other than as authorized under Section 6386, "the attempted exercise of power is unauthorized."

Continuing he said: "An express statutory declaration as to the existence of the power, although it may be general in its terms, is necessary in order that

## LOUISIANA COMMISSION MEASURE DISCUSSED

### CONFERENCE OF COMPANIES

Semiannual Meeting of the Southeastern Underwriters Association Was Held at Pinehurst, N. C.

The semi-annual meeting of the Southeastern Underwriters Association, held last week at Pinehurst, N. C., was well attended, but little business of any importance was transacted. The executive committee sessions, covering two days, were devoted to numerous routine matters. Several old problems came in for considerable discussion, but nothing definite resulted. The general session approved the action of the committee which eliminated the requirement that a replacement clause be attached to all policies covering on cotton.

A plan worked out by a committee of the Eastern Underwriters Association for regulating general cover and inland marine contracts was submitted to the S. E. U. A. and approved by that body. This plan does not become effective unless and until it is approved by all similar organizations in the United States.

A conference of companies, independent of the S. E. U. A. organization, was also held at Pinehurst, last week, to consider some method for clarifying the insurance commission law of Louisiana and similar statutes in other states. Such laws are practically confiscatory in some respects and it is believed by many that they are unconstitutional. It was decided that the matter be passed on to the committee on laws of the National Board with a request that its counsel advise as to the best way to handle the situation. If not curbed the commission idea will likely spread all over the country, to the detriment of both the public and the companies, according to the opinion of the conferees.

property may be taxed. The subjecting of property to taxation either in the constitution or the statute, in the absence of a method prescribed for its assessment and the levy upon the same, confers no power to tax."

## FIRE DESTROYS 800 STORED AUTOMOBILES

### LESSEE OF WAREHOUSE DIES

Distribution of Insurance Loss Is Unknown—Several Companies Are Supposed to Be Involved

NEW YORK, Nov. 23.—What thus far ranks as the worst loss ever sustained by the automobile writing companies occurred here Nov. 16, when about 800 cars were burned in the fire that almost completely destroyed the big storage warehouse on west 59th street. The property is owned by the New York Central Railway and leased by it to Jay A. Mellish. Mr. Mellish lost his life in the fire through what has since been called his foolhardy effort to recover valuable papers from the blazing structure.

A number of companies are reported to be involved in the fire for very heavy amounts, though particulars are not yet known. The offices credited with having schedules of the various automobile companies using the warehouse refuse to discuss the matter.

The general understanding is, however, that the losses of the direct writing companies are well safeguarded through the medium of excess covers, mainly with London Lloyds, though several hold treaties with American offices. Excess covers on automobile business differ from those carried on straight fire or tornado lines, in that while the latter usually have intervening periods during which the reinsurance is not in force, no such arrangement applies to the automobile cover. The latter assumes full liability beyond a determined sum to be carried by the direct writer up to a stipulated final liability. The amount of the primary liability varies anywhere from \$25,000 to \$100,000, according to the financial strength and underwriting policy of each institution.

Some years ago a bad automobile fire in Buffalo gave one of the prominent companies a gross loss of \$400,000, though its net liability was for a far smaller amount. The damage wrought by the fire here last week will probably run close to \$1,000,000.

#### General's New Appointments

SEATTLE, WASH., Nov. 23.—Appointment of Harry B. Clark as manager of the American Insurance Agency and Ralph H. Baldwin as manager of the investment department of the General of Seattle was announced by President H. K. Dent just before leaving for the east.

Mr. Clark will devote his time largely to contact with woodworking industries of the Pacific northwest. He is widely known as a fire insurance man and lumber man. He is returning to Seattle following several years spent in Chicago as general manager of the National Lumber Manufacturers' Insurance Exchange. Previous to that time he was Pacific coast representative for the Rankin-Benedict Underwriting Company of Kansas City.

Mr. Baldwin, a man of long financial experience, comes to Seattle from Portland. He will cooperate with the finance committee of the general.

#### National's Extra Dividend

HARTFORD, Nov. 23.—The National Fire has declared an extra dividend of 5 percent. Sidney Z. Mitchell was elected a director, filling the vacancy caused by the death of Fred S. James of Chicago. Mr. Mitchell is president and director of the Electric Bond & Share Corporation, also the United Gas Illuminating Company, National Surety, American Exchange Trust and many public utilities.

## CONDENSED NEWS OF THE WEEK

Hall Association makes rate increase in several states and reduces commissions in some territories. **Page 3**

President W. Eugene Harrington of the National Association of Insurance Agents speaks before the meeting of the Illinois Association at Joliet. **Page 3**

Companies alarmed at Pennsylvania department's radical license plan. **Page 5**

Annual meeting of Tennessee Association of Insurance Agents. **Insert after Page 30**

Illinois Association of Insurance Agents holds annual meeting. **Page 6**

United States Manager R. P. Barbour of the Northern gives seven fold resolutions for local agents. **Page 12**

National Association's agreement with Travelers Fire explained. **Page 5**

Many official promotions announced by Travelers group. **Page 3**

F. P. Hamilton, Chicago manager of the Queen, states some unorthodox views of the business in an address before the Association of Fire Insurance Examiners of Chicago. **Page 14**

Annual meeting of Michigan Federation decides to establish an Insurance Day for that state. **Page 5**

Eagle Fire directors vote to increase company's capital from \$750,000 to \$1,000,000 and add \$375,000 to surplus. **Page 18**

Southeastern Underwriters Association holds semiannual meeting. **Page 4**

Automobile insurance companies sustained heavy loss in New York when 800 cars were burned in a storage warehouse. **Page 4**

A. M. Weller has been elected president of the Insurers of South Dakota. **Page 24**

Committee of the National Automobile Underwriters Conference formulating a plan for writing finance company business will report in a short time. **Page 36**

Stricter observance of casualty acquisition cost rules in Chicago expected to result from joint conference of national agency committee and Casualty Underwriters Association of Illinois. **Page 41**

Writers of automobile public liability and automobile finance companies speculating as to result of interpretation of "actual owner" phrase in New Hampshire law. **Page 40**

Casualty Actuarial Society holds its annual meeting in New York. **Page 41**

F. P. Stanley of the Glens Falls Indemnity addresses Tennessee agents. **Page 41**

National Surety reports increase of losses for the first nine months of this year compared with the first nine of last. **Page 41**

Norwich Union Indemnity to cease writing in Massachusetts. **Page 50**

Carl M. Hansen, vice-president and general manager of the General Reinsurance, has resigned. **Page 39**



## COMPANIES ALARMED AT LICENSE PROCEDURE

Declare That Course Adopted by  
Pennsylvania Commissioner  
Is Drastic

### OTHER STATES MAY ACT

Talk of Reciprocal Laws Being Invoked  
Against Keystone State Corporations  
Is Now Heard

NEW YORK, Nov. 23.—Insurance companies as a rule believe in qualification laws that are stringent enough to keep out of the business those that are unfit. There is a difference in opinion as to how far a state should go in setting up standards for agency licenses. The matter of appointment of agents is up to the companies and they are rather jealous of this prerogative. The radical stand taken by Insurance Commissioner M. H. Taggart of Pennsylvania will undoubtedly draw fire not only from the companies but from some state departments. Commissioner Taggart insists on an examination of applicants, they to go to stated points in the state at appointed times and take the examination. He declares that the commissioner is responsible for people that he licenses. In taking his oath he promises to discharge every duty conscientiously.

#### Taggart's Reason for Course

At the meeting of the National Convention of Insurance Commissioners in Cincinnati, Colonel Taggart declared that he could not personally know these applicants and hence he must satisfy himself through other means as to their eligibility. He said that he would require an applicant to furnish letters of recommendations from his own community from responsible people as to his character and reputation. In order to establish his qualifications to write insurance he said it would be necessary to have an examination as to his knowledge of insurance.

#### Examination Is Required

Col. Taggart is requiring agents who have been in business for a number of years to take an examination if they contract to represent another company. For instance, a new casualty company entering Pennsylvania has no agents. It begins to appoint agents, but the Pennsylvania department will not license them until they have taken an examination even if they have represented another casualty company in the past satisfactorily. In order to take these examinations, the applicants must wait until the time is appointed for them and then go to some city for the test. The companies claim that this is entirely out of order and some of them have appealed to their state insurance departments for redress. It is understood that one or two of the important states may in the near future apply the reciprocal law to Pennsylvania companies and insist on them having their agents go through a similar process in these states as their companies are compelled to do in Pennsylvania.

#### Taggart Has State Support

Commissioner Taggart has some strong support in his own state, some of the insurance organizations having endorsed his plan. The agents throughout Pennsylvania seemingly are in accord with his program. They declare that through the method he has adopted the standard of agency representation will be much higher.

Some company officials say that they

## MUCH THOUGHT GIVEN TO DEVELOPMENT PLAN

### VARIOUS FEATURES INVOLVED

W. E. Harrington and R. P. DeVan of  
National Association Discuss Pro-  
gram Adopted at Convention

NEW YORK, Nov. 23.—During the recent visit of W. E. Harrington, president, and R. P. DeVan, chairman of the executive committee, of the National Association of Insurance Agents, to the headquarters of the organization last week, considerable thought was devoted to the five years' development plan determined on at the recent annual convention of the association.

#### Plan Would Aid Members

The plan involves various features, all tending to strengthen the organization and to be of aid to its membership. Notable among the tasks to be undertaken, each under the direction of a member of the executive committee with particular aptitude for the work assigned him, will be: First, membership increase, hoping thereby to enroll under the banner of the National association every important local agent in the country; second, the formation of a better business methods system whereby members of the national body will be able to render prompt and valuable aid to automobilists insured through any member of the organization, in the event of accidental injury while traveling on the road; fourth, the bringing about of a closer relationship between local boards, state associations and the national organization, so that each may be benefited and uniformity of practice obtained.

have feared a radical move on the part of insurance commissioners in establishing qualification standards and it is making them fearful of lending their support to these laws in the future. They declare that the states must be reasonable and fair or they will draw down upon them the united opposition of the companies.

#### Position of A. S. Caldwell

Company officials have been interested in the remarks of Commissioner A. S. Caldwell of Tennessee, who is president of the National Convention of Insurance Commissioners, before the meeting of the Tennessee Association of Insurance Agents at Knoxville last week. Commissioner Caldwell declared that he is in favor of qualification standards to keep the incompetent and unfit out of the business. He declared, however, that he is not in sympathy with the measures put into effect in Pennsylvania as he thinks they are too drastic.

#### Pennsylvania's Hectic Career

Pennsylvania has had a hectic career along agency qualification lines. When T. B. Donaldson was commissioner he inaugurated the system of advisory boards composed of insurance agents in the various counties. They were to investigate applicants and make recommendations to the commissioner. This system was continued under the administration of Commissioner S. W. McCulloch. When Commissioner Einar Barfod was installed he scrapped all the advisory board machinery and brought down severe criticism on his head from the agents. He held, however, that the commissioner was delegating the power to those not connected with the department which was illegal. Commissioner Taggart now starts a different course.

#### New National Fire Director

Sidney Z. Mitchell of New York succeeds the late Fred S. James of Chicago as a director of the National Fire of Hartford.

## DECIDE TO ESTABLISH MICHIGAN INSURANCE DAY

### MEMBERSHIP DRIVE PLANNED

Federation Holds Annual Meeting at  
Detroit—E. J. Schofield Is  
Elected President

DETROIT, MICH., Nov. 23.—Establishment of an annual Insurance Day for Michigan and promotion of extended plans for obtaining a greatly increased membership were decided upon as essential objectives at the annual meeting of the Insurance Federation of Michigan which was held here last week.

The proposal to establish an Insurance Day permanently in this state, as in Indiana, Connecticut and other states where this event has been established, received unanimous endorsement following the address by Frank M. Chandler of Chicago, vice-president of the New York Indemnity and sponsor of Insurance Day. Mr. Chandler particularly pointed to the desirability of Insurance Day as bringing about a community of



E. J. SCHOFIELD  
New President, Michigan Federation

interests on the part of all factors in the insurance business and as providing a means for public education on the relationship of insurance to business and industry as well as to human activities.

#### Plan Membership Drive

John T. Hutchinson, secretary of the Insurance Federation of America, especially urged a concerted move to bring about a substantial increase in membership of the Michigan Federation. The incoming officers were authorized to devise ways and means to obtain more members and to establish Insurance Day.

Discussion of the future trend of insurance legislation was stimulated because of addresses that were made by Augustus H. Gansser of Bay City, president pro tem of the Michigan senate, and Joseph C. Armstrong of the Detroit branch of the Fidelity & Casualty, a member of the Michigan house of representatives. Senator Gansser, who has been connected with fraternal insurance for a number of years, reviewed the history of insurance regulation in Michigan, particularly with respect to the safeguards thrown around fraternal insurance. He especially urged more business in government and less government in business and pledged continued consideration of insurance interests in legislative matters.

#### Cites Legislative Needs

Mr. Armstrong told of the need for increased interest on the part of insurance factors in legislative matters affecting their business and outlined legislative procedure with a view to pointing out how it is possible to keep in touch with various measures from the time of their introduction. He emphasized in particular that most legislation is practically determined upon in the various committees to which bills

## AGENTS SATISFIED WITH THE AGREEMENT

Say That Pact With Travelers  
Fire Means Big Step  
Forward

### OBSERVE BOARD RULES

J. A. Giberson of Alton Explains the  
Meaning of His Remarks at New  
Orleans Meeting

NEW YORK, Nov. 23.—There seems to have been more or less confusion in the minds of many as to the agreement reached with the Travelers Fire by the executive committee of the National Association of Insurance Agents at the recent New Orleans convention. J. A. Giberson of Alton, Ill., who at the close of the annual meeting at New Orleans declared the members had "muffed the ball" in that they did not give proper appreciation of the Travelers Fire for the position it took with the executive committee, said that there should be no discussion as to whether the Travelers Fire or the National Association of Insurance Agents won. There was no issue that would call for a surrender of principles on either side.

#### Agreed to Conference Plan

Mr. Giberson declared at the meeting of Tennessee agents last week that what he referred to at New Orleans was the fact that the Travelers Fire had agreed to settle any grievances against it that might arise in the future with the conference committee of the National association. That, he said, was the first time that a company had given recognition of this kind to the agency body. Mr. Giberson said that if all companies would follow a similar course the insurance business could be peacefully conducted and there could be real co-operation between companies and agents.

#### Position of New England Agents

The agents in New England state that the New Orleans declaration by the Travelers Fire was simply a statement of principles and did not refer to the controversy which the agents are having with the Eastern Underwriters' Association on the subject of non-policy-writing agents. The New England agency leaders said that had this issue with the Eastern Underwriters' Association been brought to the floor at the New Orleans meeting they would have protested against any action being taken by the National association because the New England men have not asked the National association to enter into their controversy in any way, shape or manner. The New Englanders say that what the Travelers Fire agreed to means a big step forward and should make the controversy in Eastern Underwriters' Association territory much easier to settle.

#### Will Abide by Board Rules

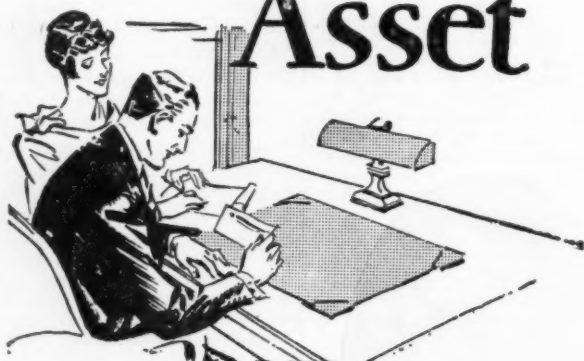
The executive committee of the National Association of Insurance Agents asked the Travelers Fire to abide by the rules of the local boards in the localities in which it operates. This Vice-President R. H. Williams agreed to do in behalf of the company. The agents say that that is as far as any company can go and is as much as local agents can reasonably ask.

falling under different classifications are referred with the result that contact with members of these committees is of the utmost importance in presenting

(CONTINUED ON PAGE 14)



# A Business Asset



BY indicating a careful interest in important details, Parcels Post Insurance becomes a valuable asset to the man who carries it.

This seemingly small item is a great business asset to agents of this company, too. It is a symbol of thorough, reliable insurance service. Business men whose interests are watched by their agents down to the smallest detail, have full confidence in them when it comes to more vital policies.

But Parcels Post Insurance is a source of real profits as well to our agents. At this season of the year, they can sell many coupon books by just telling about the time, trouble and money that can be saved at an insignificant cost.

And Telling them about Parcels Post Insurance, is Selling them on a bigger, broader basis of complete insurance protection.

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**OF AMERICA**

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SAN FRANCISCO

THE COMPANY WITH THE L. & L. & G. SERVICE

## WANT INSURANCE IN SEPARATE BUREAU

Illinois Agents Association Dis-  
satisfied With Present Double  
Decked Scheme

### NEWBURGER IS REELECTED

W. E. Harrington, President of the  
National Association, Was Pres-  
ent at Joliet Convention

#### OFFICERS ELECTED

President—James M. Newburger, Chi-  
cago.  
First Vice-President—Robert W. Trox-  
ell, Springfield.  
Second Vice-President—W. A. Schnel-  
der, Kankakee.  
Third Vice-President—A. J. Teninga,  
Roseland.  
Secretary—Shirley E. Mois-  
ant, Kankakee.  
Chairman Executive Committee—J. C.  
Robertson, Harrisburg.  
Chairman Organization Committee—H.  
J. Leach, Morris.  
Chairman Grievance Committee—  
George North Taylor, Streator.  
Chairman Legislative Committee—R.  
C. Sherman, Waukegan.  
Chairman Fire Prevention Committee  
—Allen Murphy, Eldorado.  
Chairman Farm Committee—E. F.  
Prideaux, Elgin.

By C. M. CARTWRIGHT

JOLIET, ILL., Nov. 22.—At the annual meeting of the Illinois Association of Insurance Agents in this city today, the legislative committee of the organization was directed to confer with the state insurance superintendent in an endeavor to secure his cooperation in getting the support of the state administration for the passage of an agency qualification bill approved by the state superintendent and the executive and legislative committees of the Illinois association.

Furthermore, the organization, through its resolutions committee, called attention to the unsatisfactory situation in the state, with the double-decked scheme of the insurance department being hitched up with the department of trade and commerce, placing the insurance superintendent subordinate to the director of trade and commerce. It was stated that during the last three years more insurance company failures had occurred in Illinois than all the other states combined, which indicated a need for more drastic and comprehensive supervision. Attention was called to

### E. S. INGLES GOES WITH CORROON & REYNOLDS (CONTINUED FROM PAGE 3)

writing petroleum risks, and is considered one of the experts of the country on this class of risk.

Expansion of the Corroon & Reynolds organization has been rapid, and it has become necessary to make additions to the staff to handle business expeditiously. The group represented by the organization includes the American Equitable, Knickerbocker, New York Fire, the newly organized Brooklyn Fire and the Merchants & Manufacturers. The office also has the general agency for the eastern and central western states for the Trinity Fire of Dallas, Tex.

P. A. Cosgrove, who has been associated with the Corroon & Reynolds organization as managing underwriter for some years, will be relieved from some of the pressure of work he has had in recent months. Hereafter he will devote his activities to the eastern states territory and supervision of Canadian business.

the fact that under the present system it is not known whether the director or the superintendent is assuming personal responsibility for the insurance department. The Illinois association therefore demanded that the insurance department be made a separate bureau, with the superintendent responsible alone to the governor.

#### Newburger Re-elected President

James M. Newburger of Chicago, who closed his first year as president and who has given a very satisfactory administration, was re-elected. At the opening session there was a degree of tenseness in the audience when George North Taylor, chairman of the grievance committee, in giving his report, stated that he had resigned as chairman and also as a member of the executive committee in April because, in the consideration of a bank agency issue in the state, all the other members of the executive committee outvoted him in his insistence that a company involved be declared in violation of the spirit of the Richmond declaration on bank agencies. During the day, however, after many members had expressed their confidence in Mr. Taylor and had requested him to lay aside his personal feelings, he consented to a reappointment as chairman of the grievance committee. This was the only gripping feature of the entire convention.

#### President Harrington Present

The officers had arranged for a decidedly interesting and versatile program. W. Eugene Harrington, president of the National Association of Insurance Agents, was present and his address here today was his maiden effort, following his election to the high office in the organization. Mr. Harrington was introduced at once by President Newburger and he received much applause.

President Newburger in his address recommended that next January be styled "membership month," and that all hands endeavor to increase the associations membership. He declared that the organization should stimulate the formation of more local boards. He urged that there be higher standards of insurance work all along the line.

#### Committee Reports

Secretary Shirley E. Moisant reported there are now 438 members in the organization. H. J. Leach of Morris, chairman of the organization committee, said that during April there were 14 regional meetings held and 15 new members secured. A. J. Anderson of Kewanee, chairman of the legislative committee, said that the organization felt that at the last session of the legislature, owing to the diverse views as to what constituted a satisfactory qualification law, it was decided to await further crystallization of opinion before the association backed a measure of this kind.

#### Reviews Farm Conditions

E. F. Prideaux of Elgin, chairman of the farm committee, gave an exhaustive report as to the situation with regard to farm insurance. He gave the loss ratios in a number of central western states during a five-year period. During the first six months of this year he said the farm loss ratio in Western Union territory, including windstorm losses, would run 90 percent. He said that the physical hazards on the farms can be taken care of, but the moral and financial hazard is the most insidious to encounter. Lightning and defective flues are the main physical hazards. He stated that it might seem advisable to give credit for fireproof roofs on farm buildings. He advocated fire prevention talks to farmers during fire prevention week especially.

#### Sherman on Agents' Qualifications

R. C. Sherman of Waukegan gave a talk on "Agents Qualifications." He said that Illinois lags behind in not having an agents' qualification law. He charged the companies with the respon-

## Your... Insurance Man

THE competent insurance man is one of the public's best friends. He knows his business. He learns what he needs to know about your business. He makes sure that you are adequately protected. He sees to it that you get what you need. He frees your mind from worry. He relieves you of unnecessary detail. He explains your insurance policies. In the long run, he saves you money.

The successful insurance man gives you wise counsel regarding your insurance and a service that satisfies.

The Employers' Group has had a steady growth for many years. This growth, which has come from the number of policyholders who have repeatedly insured with us, and from a constantly increasing number of new policyholders, indicates that "wise men seek wise counsel," and that the public appreciates "the service that satisfies"... This means that The Employers' Group selects as its field representative "the competent insurance man... one of the public's best friends."

*There's an Employer's  
Group Representative  
in Your Neighborhood*

OUR booklet, "The Sword of Damocles," enlarges on this subject. Your request for it incurs no obligation, nor will our representative call upon you as a result of your request.



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EMPLOYERS'  
LIABILITY ASSURANCE CORPORATION, LTD.

THE  
EMPLOYERS'  
FIRE INSURANCE COMPANY  
AMERICAN  
EMPLOYERS'  
INSURANCE COMPANY

*Practically every kind of Insurance  
except Life Insurance*

110 MILK STREET, BOSTON, MASS.

*"The Home of the Service that Satisfies"*

THE above advertisement is a facsimile of that appearing in current issues of the *Atlantic Monthly*, *Harper's*, *Review of Reviews*, *Scribner's*, *World's Work*, and the *Golden Book*—yes, THE EMPLOYERS' GROUP believes in the American Agency system. We believe that such advertising will benefit the insurance business. We believe that it will benefit particularly the representatives of THE EMPLOYERS' GROUP.

We are proud of the growth of our agency force. We are proud of the large number of loyal agents who have been associated with us for many, many years. At the same time we are glad to say that some agency connections are still available for the competent insurance man.



## WORLD VISIONS



Through all the centuries since the Chinese made the first crude hand cut type, the basic principle of hand set type continued - slow, costly, laborious - until, in 1884

### OTTMAR MERGENTHALER

gave to a waiting world  
**THE LINOTYPE**  
with which type was set  
by machinery in a fraction  
of the time required by  
hand.

Where others saw insurmountable obstacles, Mergenthaler saw untold possibilities. He believed he could win - and he did win.

The agent who uncovers rich opportunities where others accept apparent limitations will find in the individual, personal, help of

## THE WORLD FIRE & MARINE INSURANCE COMPANY

*the real meaning of*

"Get the Best in THE WORLD"



*Ralph B. Ins*

sibility for the appointment of incompetent agents. He said that the public is interested in having a higher standard of agents in the field because the incompetent ones are guilty of so much insurance malpractice. He said that the promiscuous appointment of agents is the cause of most of the evils in the field today. Both loss and expense ratios are increased because of the situation.

#### Leo E. Thieman Spoke

Leo E. Thieman of the Casualty Information Clearing House of Chicago said that automobile insurance presents a challenge to stock companies and agents. Prior to the passage of the Massachusetts compulsory automobile insurance law he said that only 30 percent of the car owners carried liability insurance. He said that agents are devoting their attention to 10 major lines of insurance. This gives the mutuals and reciprocals that are writing only automobile insurance an opportunity to edge in, because they are concentrating their efforts on automobile insurance alone. He said that these organizations are gaining ground. The Chicago Motor Club Inter-Insurance Exchange, he predicted, will write \$3,000,000 in premiums this year. The Detroit Automobile Club's Exchange will write \$2,500,000. One Indiana reciprocal, he says, writes one-tenth of all the automobile premiums in the state. He declared that agents need to arouse the public as to the necessity of insuring their cars. When the big majority of people are insured there will be no call for a compulsory insurance law.

John C. Leissler, insurance editor of the Chicago "Journal of Commerce," gave a talk on publicity methods, stating that every agent in his annual budget should provide for advertising expense. He said that when an agent desires to lay out a publicity campaign he should consult the business manager of his daily papers. Through advertising an agent can tell his story in his own way. He said that Lyle Stephenson of Kansas City, of "Leave It to Lyle" fame, spends \$15,000 a year for advertising and it pays splendid dividends. He said that through the co-operation of insurance men with the editors of their local papers it would be possible to secure far more publicity for themselves and insurance in general. He decried any effort to work propaganda stuff on papers.

#### May Have "Illinois Insurance Day"

Frank M. Chandler of Chicago, western manager of the New York Indemnity, advocated the establishment of "Illinois Insurance Day," thus putting the state in line with other commonwealths who have taken the lead in this respect. The organization passed a resolution authorizing President Newburger to appoint a committee of five to cooperate with other organizations and see if such an event can be arranged. He appointed the president, three vice-presidents and secretary on the committee.

In the afternoon session Alvin S. Keys of Springfield opened the proceedings by telling what the local board of his town had accomplished. He said that the members write about 90 percent of all the premiums in the city. The president has served for 14 years and the secretary for 16 years. It has eliminated rebating. It has carried on a joint agency advertising campaign to acquaint the public with sound insurance methods. Following the heavy losses in Springfield two years ago, local boards conducted a fire prevention campaign, with the result that the loss ratio has greatly decreased.

President W. E. Harrington of the National association was the second speaker in the afternoon, taking the time to explain what the organization did in reaching an agreement with the Travelers Fire. He said there had been much confusion in the minds of members as to just what was done at the New Orleans meeting. He stated that the only agreement reached was that the Travelers would abide by local board rules and, furthermore, that when

## EASTERN UNDERWRITERS HOLD ANNUAL MEETING

### ALL OFFICERS REELECTED

Association Convention Attracts Unusually Large Number of Members—  
Dinner Closes Session

NEW YORK, Nov. 23.—There was an unusually large number of members of the Eastern Underwriters Association at the annual gathering of the organization held here yesterday, evidencing thereby their interest in the activities of the body. In the forenoon a conference of the chairmen of the various excepted cities took place, followed by a meeting of the executive committee. This was succeeded by a general gathering of association members. A dinner followed in the evening.

It was agreed to put the excepted cities on the old Eastern Union graded scale of 20, 25 and 30 percent commission, with certain adjustments applicable to the high value districts. The new arrangement, which becomes operative Jan. 1 next, will include the city of Buffalo. Brokerage rules lately adopted by the Beverly, Mass., Board of Underwriters, and by the Plymouth, Mass., local board were approved.

Endorsement was given the action of the New England Insurance Exchange in granting pro-rata cancellation of policies covering on property in the flooded sections of Vermont.

All former officers of the Eastern Underwriters were elected for another year, the members thus placing the stamp of approval on the work of the executives for the last 12 months. The official roster is: President, R. M. Bissell, president Hartford Fire; vice-presidents, Edward Milligan, president Phoenix of Hartford, and Paul L. Haid, president America Fire companies; treasurer, B. M. Culver, vice-president Niagara Fire. Sumner Rhoades is manager of the organization.

differences arose with it they would be discussed in conference with the organization.

Robert C. McManus of Chicago, general attorney for Swift & Co., gave some suggestions from the standpoint of a large assured. He said that every man should have an insurance adviser in whom he has confidence and who will keep in touch with the insured's needs along insurance lines.

Edward D. Lawson, who is manager of the Chicago office of W. H. McGee & Co. of New York, the marine men, gave some suggestions as to how local agents can develop inland marine lines.

#### F. P. Stanley on the Program

F. P. Stanley, vice-president of the Glens Falls Indemnity, gave a talk showing some of the weakness of reciprocals in casualty insurance. He said that, owing to deferred liability cases that may come up, they would involve a company in large amounts in years to come it is necessary to have an insurance institution that will meet its obligations beyond all doubt. He said that the mutuals and reciprocals are not required to maintain the reserves and the financial structure of stock companies, and hence they are greatly weakened on this account. Competition, he said, is destined to become keener and keener in the casualty field.

At the banquet in the evening C. M. Cartwright of THE NATIONAL UNDERWRITER was toastmaster. The speakers were Col. R. Hill Carruth of Memphis, southwestern manager of the Fidelity & Deposit; W. E. Harrington, president of the National Association of Insurance Agents; John H. Camlin of Rockford, local agent and president of the Illinois Chamber of Commerce, and State Senator H. C. Kessinger of Aurora.



## A FRANK STATEMENT OF OUR POSITION

### on the Use and Occupancy Co-insurance Form Question

*We present below a reprint of our Bulletin in answering certain Insurance Company Executives who have criticized our Bulletin No. 121 on Use and Occupancy Co-insurance Form. It is the aim and purpose of the Insurance Producers Bulletin to provide Insurance men with the Facts about the Insurance they are selling so that they may more intelligently and efficiently serve their clients.*

#### BULLETIN No. 121-A

##### USE AND OCCUPANCY INSURANCE—CO-INSURANCE FORM

On June 1, 1927, we issued Bulletin No. 121-A, headed "Use and Occupancy Insurance—Co-Insurance Form." The present Bulletin is supplementary to the former one, and is not, in any sense a substitute therefor. The present Bulletin is issued in answer to questions we have received regarding the interpretation of Use and Occupancy contracts; in answer, also, to a certain amount of criticism—from company executives entirely—directed against the wording of our Use and Occupancy Co-Insurance form incorporated in our former Bulletin. We wish to inaugurate no dispute with any company executive; our aim is to foster and to defend the insurance contract that is just and equitable to the assured and to the company alike. We believe the form of Use and Occupancy contract written into our previous Bulletin No. 121-A, to be of this fair and equitable nature.

Use and Occupancy, or business Interruption Insurance, can be divided into two broad classes: CLASS I, in which we have uniform forms on the per diem basis, the weekly basis, and the seasonal basis (all of which have been explained under Bulletin No. 121); and CLASS II, or the Uniform Co-Insurance Form, which will constitute the main subject matter of this Bulletin.

#### CLASS II

Under Class II we have the Co-Insurance form of Use and Occupancy Insurance. This form with certain modifications will, we believe, be the most widely used Use and Occupancy form of the future, and will in time eliminate and supplant all other forms of Use and Occupancy coverage. The Co-Insurance form as suggested for use by the companies at the present time and published in the great majority of states, as one of the Uniform Forms, follows in part:

#### INSURING CLAUSE

"This Company shall not be liable under this policy as to net profits for more than the net profits prevented by the total or partial suspension of business, NOR FOR CHARGES AND EXPENSES IN EXCESS OF THOSE WHICH MUST NECESSARILY CONTINUE DURING A TOTAL OR PARTIAL SUSPENSION OF BUSINESS, and then only to the extent to which such charges and expenses would have been earned had no fire occurred, nevertheless this company shall be liable for such expenses as may be incurred for the purpose of reducing any loss under this policy, not exceeding, however, the amount in which the loss is so reduced." Following the insuring clause in this form we find the Co-Insurance clause,

#### CO-INSURANCE CLAUSE

"In consideration of the rate and/or form under which this policy is written, it is expressly stipulated and made a condition of this contract that, in the event of loss, this Company shall be liable for no greater proportion thereof than the amount hereby insured bears to % of the sum of the NET PROFITS AND ALL CHARGES AND EXPENSES which would normally have been earned (had no fire occurred), during the period of twelve months immediately following the fire."

We would now suggest that you re-read both of the foregoing clauses, paying special attention to the wording in capital letters. The injustice to the assured in connection with this wording cannot be over-emphasized.

In the Co-Insurance clause you will note the assured is obliged to INSURE on the basis of net profits and all charges and expenses which normally would have been earned, while under the insuring clause the company will PAY for only those charges and expenses WHICH MUST NECESSARILY CONTINUE during a total or partial suspension of business. With a form of this kind you can readily see that an assured might be obliged to insure for as much as five times the amount he could possibly

hope to collect. For example: The books of a manufacturing concern show—

Annual Net profits and ALL charges and expenses.....	\$200,000
Annual profits and charges which must necessarily continue.....	50,000
Under 80% Co-Insurance Clause, amount of insurance required would be 80% of \$200,000 or .....	160,000

Assume a total shut-down for a period of one year.

The Insurance Companies would in the above example pay only \$50,000, although the assured paid for \$160,000 insurance. It is true this \$50,000 represents his actual loss and he should not receive any more, BUT THE INJUSTICE LIES IN THE FACT THAT HE IS OBLIGED TO insure for \$160,000—OVER THREE TIMES THE AMOUNT HE COULD POSSIBLY COLLECT UNDER ANY CIRCUMSTANCES.

In no other form of insurance where the Co-Insurance clause is used, have the insurance companies ever attempted to compel an assured to carry more insurance than he could collect in the event of a total loss to the assured. Upon investigation, we cannot find any instance where insurance companies have attempted to apply the Co-Insurance clause except to the subject which is insured. If agents, insuring a building, were compelled to use a form where the assured were forced to carry insurance aggregating three or four times the value of the structure, you would hear a roar from coast to coast. The error in the Uniform Use and Occupancy Co-Insurance form is so obscure that insurance agents generally have not realized it exists.

#### RATES AND PREMIUMS

Under the Co-Insurance form of Use and Occupancy Insurance, the companies not only demand that an excessive amount of insurance be carried, but go further and increase the rate, raising it as high as 55% over the per diem, weekly and seasonal form rates.

#### CONCLUSION

The fraternity of Fire Insurance Companies has in the past been conspicuous for its adherence to the highest code of business ethics. They have been of the pioneers in the great work of making insurance a profession to be proud of, a dignified and highly honorable calling. It is regrettable that an error of the sort indicated should be allowed to creep into a standard form advocated by these companies. We feel confident that a majority of the company executives are not fully aware of the unfair features of this Co-Insurance Form, and that it is due to oversight on their part and a misunderstanding of its true significance, that the form has been retained. Now that its defects and injustices have been brought to light, we feel sure the companies will promptly revise it.

It is our earnest wish to be constructive, not destructive. To this end we have included in our Bulletin No. 121-A, under date of June 1, 1927, a Co-Insurance Form for Use and Occupancy insurance which we believe omits part of this objectionable feature of the Uniform Form and is "fair and square" in this respect to assured and company alike.

A revision of the present Co-Insurance Clause, as now embodied in the uniform Use and Occupancy Co-Insurance form of coverage, to conform with the wording of the insuring clause will go a long way to making Use and Occupancy Insurance not only fair to the assured and company alike, but understandable, and much easier to sell.

We recommend the following:

1. Write your companies, urging revision of this inequitable form.
2. Write us regarding any points about which you may be in doubt. We will gladly help.

Another extremely interesting angle of Use and Occupancy coverage, which should prove very enlightening, will be discussed in a Bulletin of the near future.

A COMPLETE SET OF OUR USE AND OCCUPANCY BULLETINS FREE FOR THE ASKING

"In the Heart of the  
Insurance World"



G. Carter Johnson,  
Editor

Insurance Exchange Building

CHICAGO

Thousands wonder how we can sell it for \$5 a year.

Answer—Thousands buy it.

## Recognized

Whether the assured is satisfied with the loss settlement or not depends largely on the service his insurance agent has rendered him. Many an assured has learned through bitter experience what the coinsurance clause means to the underinsured. The assureds who suffer such a loss are not likely to resume relations with an agent who has not pointed out the dangers of underinsurance.

A Lloyd-Thomas \*Appraisal not only shows the actual insurance values, but it furnishes the data on which satisfactory loss adjustment can be made.

Every satisfactory adjustment means a satisfied client and increased prestige for the insurance man.

**"WHAT IS AN APPRAISAL?"**—It is a complete classified inventory of insurable property (except stock, merchandise and raw materials). Each item of property is valued at today's cost to replace new. The amount of accrued depreciation is determined and the sound insurable value is given.

**"ITS ADVANTAGES"**—1st—It discovers insurable values that have long been written off the books through unscientific depreciation—2nd—It gives the agent, the assured, and the companies value facts of property. 3rd—It makes for adequate insurance protection, for in nearly every instance it calls for additional insurance.

### The Lloyd-Thomas Co.

RECOGNIZED AUTHORITIES ON PHYSICAL VALUES



4411 Ravenswood Ave., Chicago  
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Kansas City  
Des Moines

1889

JOHN H. GRIFFIN, President

1927

## NORTHWESTERN

FIRE AND MARINE INSURANCE COMPANY  
MINNEAPOLIS, MINNESOTA

*Isn't it worth while*

To know that you have a  
company in your agency  
that has the facilities  
and desire to serve  
you completely and  
satisfactorily?

Fire Tornado Lightning Automobile Hail Rents Use and Occupancy

## HARRINGTON CLARIFIES BIG NATIONAL ISSUE

(CONTINUED FROM PAGE 4)

in getting business or serving the assured, who are to be paid 'less' than recording agents, with the 'less' remaining indefinite. This, he believed, left the way open for those who are inclined to criticize the American agency system, to contend that the recording agent is getting too much pay and that the agency system is unduly expensive. It was a serious matter, in his opinion, for a company organization to furnish even flimsy grounds on which to base this charge, which is not true.

"Subsequently the Travelers Fire complained to the officers of the National association that it was being made the target for nearly all the unfavorable comment being directed against branch offices and non-policy-writing agents; that the company was suffering considerable embarrassment because of the impression prevailing that this entire branch office and non-policy-writing agent controversy was directed at that company. Conferences were then held, beginning in September, with the vice-president of that company for the purpose of discussing this entire situation and to determine if the company's method of operation was or could be made to harmonize with the views of the National association concerning the problems.

### Travelers' Position Shown

"It is but natural that such an outstanding company as the Travelers, which has developed a most successful business in life and casualty lines through branch office operations, should extend to those life and casualty agents, many of whom for years have been in the fire insurance business, the service of its fire company. It was a problem indeed that faced the Travelers Fire to determine its method of operation through thousands of agents who had represented the older companies of the Travelers group.

"In the several conferences with the Travelers, the National association representatives were emphatic and firm in their stand against any encroachments on the American agency system by a class of producers, the creation of which seemed primarily to be for the sole purpose of increasing quantity production.

### Operating in Harmony

"Upon investigation we have found that the Travelers Fire is operating in harmony with a great majority of local boards throughout the United States; that almost without exception it has initiated conferences with local boards in the spirit of co-operation; that the recognition by the Travelers of the functions of a local board and its attitude meets the approbation of agents generally and is pleasing to National association officers.

### Position Was Given

"At the New Orleans convention and as a result of these continued conferences the Travelers Fire stated that it had not heretofore, nor did it intend to conduct its business on an 'over-the-counter' basis except in a few large cities such as New York, Chicago, Philadelphia and San Francisco, where this method of operation is the general practice; that it would confine its operation in the production of business to the regular, recognized channels of brokerage, and full time solicitors employed by and domiciled within its respective branches exclusively; that it recognized the importance and desirability of local board regulation in this country and its practice in the past had been to confer with local boards, and in the future would exert still further effort towards co-operation with all effective local boards having reasonable regulations; that in case a difference of opinion should arise with any local board and that company as to what was or was not a correct practice in a given community, such difference should be

## NEW MEN ON AGENTS' EXECUTIVE COMMITTEE

### ANNOUNCEMENT JUST MADE

National Association Insurance Agents  
Has a Strong Cabinet for Its  
Important Work

NEW YORK, Nov. 23.—At the close of the conference held in New York of President W. E. Harrington, Executive Committee Chairman R. P. DeVan and Secretary Walter H. Bennett, at headquarters of the National Association of Insurance Agents in New York, announcement is made of the following executive committee membership for the year:

Perry W. Flicker, Cleveland; Charles L. Gandy, Birmingham; J. A. Giberson, Alton, Ill.; Percy H. Goodwin, San Diego; Frank T. Priest, Wichita, Kan.; J. W. Rose, Buffalo, N. Y.; Clyde B. Smith, Lansing, Mich.

made the subject of a conference between that company and the National association.

"This declaration, made by the Travelers, was presented to the New Orleans convention as that company's position on the above questions. The national executive committee did not then nor does it now regard the Travelers' statement as a settlement of either the branch office or non-policy-writing agent situation. There still remains work to be done by both companies and agents before all these vexing questions are settled.

"To be assured by the Travelers that certain restrictions would be adhered to by that company in the type of producers to which its facilities were given, was enlightening to the agents throughout the country, as many rumors were afloat about the aggressiveness of the Travelers in extending its activities.

"We believe that the understanding reached with the Travelers Fire at New Orleans is a forerunner of similar understandings with some other companies whose tendencies of late have been to jeopardize the American agency system.

### Precedent Established

"We have established a precedent of having the National association recognized by a leading company as a national tribunal for adjusting differences of opinion between individual companies and local agents, and we feel that it is the duty of every agent throughout the length and breadth of the land so to support his local board and National association that many of the unpleasant disturbances of the past will be adjusted while in the conference stage.

"The present administration of the National association will oppose the method of acquiring business by the Travelers Fire or any other insurance company, when that method contemplates the use of non-policy-writing agents by whatever name or designation such agents may be called or known, who are not full time solicitors employed by the local agency or branch offices exclusively.

### Hamilton to Increase Capital

The directors of the Hamilton Fire of New York have voted to recommend an increase of capital from \$200,000 to \$1,000,000. The increase will be accomplished by a stock dividend of 400 percent transferring \$800,000 from surplus. This will give the company over \$2,000,000 net surplus. It was voted to change the par value from \$15 to \$50 a share. The stockholders will vote on the proposal Dec. 7. The Hamilton Fire has had a very steady growth. At the close of last year it had assets of \$4,389,646. Its net surplus then was \$2,305,386.



# Better Protection— for Agent and Client

**H**AVE you failed to take the ultimate step to protect your commissions on fire risks? Thousands of agents and brokers have already made this portion of their income safe and tight against competition. And have written a lot of new business into the bargain. Here's how they did it.

They suggested to every owner of unprotected property that he put in automatic sprinklers. They won his everlasting good will and confidence by explaining that a large part, if not all, of the cost of sprinklers could be financed out of savings in insurance premiums. They put an end to the risk of losing his business by offering this proposition before somebody else did.

In short, fire protection for their clients meant income protection for themselves. And while the agent temporarily lost something in

reduced commissions, it wasn't long before these reductions were made up on increases in Use and Occupancy, Windstorm, Plate Glass and allied lines.

Let Grinnell Company help you protect your fire expirations. It is the pioneer and leader in installing sprinklers and financing them out of insurance savings.

Grinnell assumes full responsibility for every detail. It does not farm out the construction work to local contractors. Its unchallenged financial stability is a guarantee of satisfaction.

Read how the sprinklers-for-premiums proposition has helped agents get ahead. Write for the free booklet "The Local Agent and Automatic Sprinklers." Send the coupon to Grinnell Company, Inc., 251 West Exchange Street, Providence, R. I.

## GRINNELL AUTOMATIC SPRINKLER SYSTEM

### Important Facts for Agents to Consider

1. Grinnell Company is not affiliated in any way with any insurance office. Local agents may, therefore, freely come to us with any case and be sure that our co-operation will help them hold their lines intact.
2. As Grinnell service in engineering and installation is national, local agents get close personal contact with our representatives in all principal cities.
3. The reputation of The Grinnell System is unquestioned. Local agents may, therefore, urge sprinkler installation in the knowledge that performance will match their promises.
4. Grinnell handles the whole undertaking—financing, estimating, engineering and installation.

Cut this out and mail at once

**"The Local Agent and Automatic Sprinklers"**

A complete, authoritative booklet sent free on request

Name \_\_\_\_\_

Address \_\_\_\_\_

Grinnell Co., Inc., 251 W. Exchange St., Providence, R. I.



## VIRGINIA RATE PROBE WORK NEAR COMPLETION

### END VIRGINIA RATE PROBE

Officials of National Board and S. E. U. A. Before Legislative Commission at Richmond

RICHMOND, VA., Nov. 23.—The Virginia legislative rate-probing commission met again in Richmond this week, pursuing its inquiry into fire rates. It was announced that no further public hearings would be held prior to the convening of the general assembly in January. It will be necessary for one or more executive sessions to be held before the report to be submitted to the solons are whipped into shape. The report will make specific recommendations only as to fire rates. "We have not had the time nor the money to go thoroughly into compensation and other casualty rates," said Col. Walker C. Cottrell, secretary of the commission. "Our report as to them will necessarily be of a general nature." As to whether the commission will be retained after the legislative session to investigate these rates, he did not know. That was up to the general assembly.

This week's hearing opened Monday with a number of company officials and representatives of the National Board, Southeastern Underwriters and the Virginia Inspection & Rating Bureau on hand. They undertook to answer a series of questionnaires that had been sent out by the commission in advance of the meeting bearing on various phases of the Virginia fire rate situation. Most of the answers had been put down in writing and were carefully prepared. The question of abolishing the several geographical divisions of the state and having a uniform rate for the entire state was threshed out in some detail.

## SEVEN-FOLD RESOLUTION SUGGESTED TO LOCAL AGENTS BY MANAGER R. P. BARBOUR

At the close of the address of R. P. Barbour of New York, United States manager of the Northern Assurance, before the Tennessee Association of Insurance Agents at Knoxville, he suggested what he termed a seven-fold resolution which, if adopted and carried out by agents, he declared would prove of great service to the institution of insurance, and help, not hinder the daily work of earning their livelihood.

1. We will watch our customers, that those on our books so far as possible may be as good moral hazards as we are ourselves. \* \* \*

2. We will inspect the properties we insure, that the physical conditions, especially care of common hazards and housekeeping, may be made as good as can be reasonably expected, and that value and insurance shall bear the proper relation. \* \* \*

3. We will organize our offices to work efficiently, that time and money may not be wasted for ourselves or our companies. \* \* \*

4. While actively soliciting fire insurance, we will not overlook soliciting the specialty lines, not only for the commissions involved but also that a market may be created broad enough to sustain the facilities the companies have placed in our hands and at the disposal of the public.

5. We will advocate reasonable and practical building codes and fire prevention requirements, that preventable fires may be reduced to a minimum and thus our national wealth conserved. \* \* \*

6. We will take a keen interest in our community life, that we may be as recognized a part thereof as bankers, lawyers or merchants. We will mingle with our fellow business men, especially newspaper men, and try to gain their confidence, if not their business, and tell them as much of the institution of insurance as they can readily absorb that our great and essential business may be understood in a friendly way. \* \* \*

7. And finally, our attitude as insurance men toward the public will be one of exposition, not defense, for none is needed. We are justly proud of our great and vital business and know it is conducted in a clean, upright and honorable manner that merits the respect of all mankind.

Another that received more than ordinary attention was that of the proper method of computing underwriting profit and loss. The fire officials could not see how the public would benefit by having a uniform rate. The point was emphasized that the public is apparently likes the prevailing system.

Among those quizzed at the meeting

were: J. H. Doyle, general counsel, and Harold M. Hess, actuary, National Board; Joseph S. Raine, secretary, and Dan MacDougald, counsel, S. E. U. A.; Randolph Harrison, Virginia attorney for the S. E. U. A.; Milton Dargan, manager at Atlanta for the Royal, and W. R. Prescott, general agent at Atlanta for the Hartford.

## LITTLE INSURANCE IS INVOLVED IN D. C. BLOW

### REGION THOUGHT IMMUNE

Companies Expect Calls for Tornado Coverage from Capital—Agents Busy Seeking This Business

NEW YORK, Nov. 23.—Little windstorm insurance is involved in the sections of Washington, D. C., swept by a tornado last Thursday, and which is credited with the destruction of property valued at close to \$1,000,000. The major interest, however, is that of the federal government.

This particular section of the country heretofore has been regarded by its citizens as immune from windstorms of a serious character, but this disaster supplies tangible evidence that the immunity theory is fallacious.

Underwriters anticipate that the call for windstorm coverage from the District of Columbia territory will be rather heavy for a time, just as it was from certain sections of New England when a storm of hurricane intensity swept that field a year ago. More and more alert agents are advising their clients of the advisability of carrying windstorm protection in connection with fire indemnity. The volume of such business is growing steadily.

### Goddard with Eagle Indemnity

Porter Goddard, well known casualty special agent at Hartford, has joined Field & Cowles of Boston and will serve as special agent for the Eagle Indemnity, covering Rhode Island, Massachusetts and Connecticut. Mr. Goddard was formerly with the R. C. Knox general agency representing the Aetna Casualty & Surety in Hartford. His two brothers, also graduate insurance men of Hartford, conduct the successful Goddard Insurance Agency at Akron, O.

The Institution of Insurance was called into being in order that man might protect himself against the destruction of values created by his handiwork.

The correct measurement of value is an attribute of good underwriting, but there exists much misunderstanding of the subject. Replacement cost is not the only criterion.

If you are interested in this subject, we shall be glad to send you a copy of our pamphlet, "Cash Value."

**Agricultural**  
Insurance Company  
of Watertown, N. Y.

# 75<sup>TH</sup> Anniversary

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The best trait of a fire insurance company is the faculty of applying the Golden Rule in every transaction. Our experience as agents of the American Central proves that it fully measures up to this demand.

J. WACHENHEIMER,  
CALLENDER & COMPANY,  
PEORIA, ILLINOIS

## AMERICAN CENTRAL INSURANCE CO.

SAINT LOUIS

B. G. Chapman, Jr., President

D. E. Monroe, Vice Pres. and Secretary





## If fire came to your office today—would your records survive?

**T**HE most serious loss caused by fire in nearly every instance is the loss of records.

Physical property is generally insured.

If your records are destroyed, what is there to start from, what is there to work from in getting started again?

There have been too many directors' meetings held in the blackened ruins of burned buildings, trying to find just where things stand.

Don't let this happen to you!

A GF Allsteel Safe is the best protection you can provide for your records—the nerves of your business.—And in addition to the fire protection, there is the added advantage of being able to place your safe at the point of use, just as you would a desk—and a GF Allsteel Safe is as movable as a desk.

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## HAIL COMMISSIONS TO AGENTS TO BE CUT

(CONTINUED FROM PAGE 3)

duced in several counties in Kentucky. In other states rates will not be changed. It is no surprise to anyone familiar with the hail business that rates are to be advanced in these states because the experience of all hail writing companies this year was the worst since 1915. Hail business is written upon the so-called merit rating system which is based upon a 50 per cent loss ratio. Rates are altered from time to time, strictly in accordance with the experience. This year the losses in Colorado, western Kansas, South Dakota and portions of Minnesota were overwhelming and were high in the other states where rates are to be raised. With an average loss ratio of more than 75 per cent for the entire territory, the companies are entirely justified in increasing rates, especially when they do so only on the loss experience.

### Other Changes

The Hudson Underwriters was admitted to membership, bringing the association total up to 60. It was decided that in the future all votes on territorial questions are to be limited to members having jurisdiction and writing direct in territory affected. The time of the annual meeting will be changed from November to December. The 10 per cent deductible clause was made to apply to any loss covered by the policy to which it is attached. In the past the deductible clause applied when the loss exceeded 90 per cent of the face, but now it is to be used on all policies and in 20 per cent credit on the rate given. The mandatory deductible clause for Colorado was increased from 5 per cent to 10 per cent. The expiration date on sugar beets in Colorado was changed from Oct. 1 to Sept. 15.

Maturity dates on crops other than cotton, corn and sorghum in Kansas were advanced from Sept. 1 to Aug. 1, and in Oklahoma to July 15 with the provision that no interest be charged if paid within 30 days.

### To Hold Regional Meets

The report of the committee on adjustments was adopted recommending the continuance of the regional adjustment meetings which were so successful last year. The advisory committee will, therefore, again visit the principal points in the hail territory for the purpose of discussing with field men, adjusters and leading local agents the methods to pursue in writing and adjusting hail insurance. This year a number of local agents will be invited to attend the meeting at their own expense for the purpose of getting the company viewpoint.

All of the officers and executive committee were reelected as follows: President, E. A. Henne, America Fore; vice-president, C. N. Gorham, American of Newark; secretary, W. H. Lininger, Springfield Fire & Marine; assistant secretary, E. B. Hatch.

Executive committee: George H. Bell, National of Hartford; C. A. Ludlum, Home; C. R. Street, Great American; H. A. Clark, Firemen's of Newark; A. G. Dugan, Hartford; John H. Griffin, Northwestern Fire & Marine, and Walter D. Williams, Security of New Haven.

## MICHIGAN INSURANCE DAY IS PROMULGATED

(CONTINUED FROM PAGE 5)

views on proposed measures as well as in determining its progressive steps or its final disposition. Mr. Armstrong also pointed to the possibility of a strong attempt to adopt a compulsory automobile insurance law at the next session of the Michigan legislature, but indicated that such a move would be governed largely by the results from a similar measure now in effect in Massachusetts.

### Warns of Inroads

Jesse S. Phillips of New York, president of the Great American Indemnity,

## F. P. HAMILTON VOICES UNORTHODOX OPINIONS

ADDRESSES FIRE EXAMINERS

Western Manager of Queen Tells Large Audience His Views of Modern Underwriting Practices

That the classification method of studying risks is of little value unless large aggregates are considered and large spaces covered, that more attention should be given individual risks, since every risk is a study in itself, and that the rate difference between frame buildings and brick buildings of wood joist and unprotected window construction is too great, were some of the unorthodox beliefs expressed by F. P. Hamilton, of Chicago, western manager of the Queen, in his address before the "Managers' Night" meeting of the Association of Fire Insurance Examiners of Chicago last Thursday evening. "I am not much of a believer in the numbering system of studying risks," he said. "We have gotten into it, but I believe it is costing more than it is worth. Every risk is a study in itself, and I do not believe that the practice of studying a classification table will help much where any individual risk is concerned."

### Give Figures for Past Years

Mr. Hamilton opened his address by quoting statistics of fire insurance company development, losses, profits and expenses. He said each of the last six years has been an underwriting loss year, and that the underwriting loss percentage rose from 1.25 in 1921 to 6.9 in 1924. He added, however, that were the same areas burned over today in San Francisco and Chicago as were burned over in the great conflagrations in those cities, the fire companies would bear the shock quite as well as they bore it in the earlier disasters. The average stock fire company loss ratio for the last 6 or 7 years has been 56 percent, he said. But a loss ratio of 52 percent to earned premiums is necessary before the companies can break even.

### Examiners Profit Guardians

"You examiners," he told his hearers, "are the guardians of the companies' profits. I am not one who believes that all the great examiners are dead. You men of today are in the aggregate better fitted for your work than were the men of a quarter of a century ago." He said

(CONTINUED ON PAGE 16)

urged the need for co-operation of insurance with other lines of business in bringing about a better mutual understanding and in curtailing the tendency of the state and national governments to extend their regulatory powers to a stage amounting to control beyond their legitimate functions because of lack of ownership.

Mr. Phillips reviewed the struggle of insurance interests against the monopolistic state compensation fund and especially pointed to the need for constantly increasing vigilance in this connection. He also paid special attention to the specter of compulsory automobile insurance which he described as being fraught with great danger because of its apparent tendency to place automobile accidents on an industrial basis similar to the present status of workmen's compensation insurance.

### Schofield Is President

E. J. Schofield of the Standard Accident was elected president for the ensuing year. Other officers selected are as follows: Vice-president and counsel, Mark T. McKee, Detroit; vice-presidents, George W. Carter, Kenneth Watkins, A. G. Crandall, Ethan Thompson, Detroit; E. C. Bowlby, Benton Harbor; F. F. McGinnis, Bay City; executive secretary, Theodore J. Hennes, Detroit; treasurer, H. R. Vernor, Detroit.



## FINANCE COMPANY HEADS REPORT PROFITABLE YEAR

### REPOSSESSION LOSSES DROP

#### Balloon Note Evil Disappears—Proportion of Irregular Paper Also Has Declined

C. C. Hanch, general manager of the National Association of Finance Companies, made the following report of business for the year at the organization's annual convention in Chicago last week:

"The average direct loss of automobile finance companies on repossessed cars decreased materially in 1927 as compared with 1926. As in previous years, the direct loss on repossessed cars which were sold on time running longer than 12 months was materially greater than on repossessed cars which had been sold on standard terms of 12 equal monthly payments.

"The balloon note evil, prevalent in 1925 and 1926, has practically passed out of the picture. Long-time notes as compared with notes taken on standard terms continue to show a material increase of hazard over standard terms.

#### Repossession Ratio Increases

"The repossession ratio on new cars sold with a standard down payment of 33 1/3 percent of the cash price shows a slight increase of .6 of a car per 100 transactions for 1927 as compared with 1926. This is the natural result of the hangover of small down payment sales of 1926. In the case of used cars sold with a down payment of 40 percent, there has been an increase of .9 of one car per 100 transactions for 1927 as compared with 1926. The same reason accounts for this increase.

"The repossession ratio of commercial vehicles both new and used is slightly less than that of passenger cars. The increase of hazard from a repossession standpoint of new cars sold with a down payment of 25 percent is in excess of 100 percent as compared with new cars sold on standard terms with a down payment of one-third the cash price. Sales of new cars with a down payment of less than 25 percent practically disappeared for 1927. The average amount of the note purchased (total of installments) for new cars is about \$20 less than for 1926, and for used cars the average note for 1927 is about \$10 greater than for 1926.

#### Installment Sales Decrease

"Perhaps the most striking thing about the survey is the steady reduction in the percentage of cars sold on the installment plan since 1925. The percentage of new cars sold on the installment plan for 1927 is 58 as compared with 64 for 1926, and the percentage of all cars sold on the installment plan is 60.8 for 1927 as compared with 70 for 1926 and 75.5 for 1925. The growing prosperity of the country has no doubt produced a greater proportion of cash buyers, and the unsatisfactory experience of finance companies with paper covering cars sold with an unusually small down payment has resulted in the tightening up of credits on that class of customers.

"The percentage of trade-ins of used cars on sales of new cars for 1927 is 72; the percentage of trade-ins on sales of used cars, 37.1. Used cars taken in trade, in percentage of new cars sold for 1927, is 116, which is higher than either 1925 or 1926. This reflects the extraordinary measures which dealers had to take to move used car stocks. A helpful sign is in the used cars junked, which compared with used cars taken in trade amounted to nearly 7 percent.

#### Irregular Paper Declines

"From a finance company's standpoint the most gratifying thing of all is

## STANDING COMMITTEES OF INSURANCE COMMISSIONERS CONVENTION ANNOUNCED

THE personnel of the standing committees of the National Convention of Insurance Commissioners for the coming year has been announced by President A. S. Caldwell as follows:

**Accident and Health**—Clare A. Lee, chairman, Oregon; John E. Sullivan, New Hampshire; John R. Dumont, Nebraska; John C. Luning, Florida; D. C. Neifert, Idaho; George W. Wells, Jr., Minnesota; John J. McMahan, South Carolina; W. D. Spencer, Maine.

**Actuarial Bureau**—J. S. Maloney, chairman, Arkansas; Jesse G. Read, Oklahoma; Howard P. Dunham, Connecticut; Jackson Cochran, Colorado; Ray A. Yenter, Iowa; Carville D. Benson, Maryland; Matthew H. Taggart, Pennsylvania.

**Assets of Insurance Companies**—John C. Luning, chairman, Florida; John E. Sullivan, New Hampshire; George P. Porter, Montana; Shelton M. Saufley, Kentucky; Harry A. Loucks, Wyoming; S. A. Olsness, North Dakota; C. D. Livingston, Michigan; Dan C. Boney, North Carolina; W. D. Spencer, Maine.

**Blanks**—H. D. Appleton, chairman, New York; W. A. Robinson, Ohio; A. E. Linnell, Massachusetts; C. B. Coulbourn, Virginia; R. E. Daly, Missouri; Jean M. Legris, Rhode Island; H. G. Brunquell, Wisconsin; W. M. Corcoran, Connecticut; J. H. Washburn, Tennessee; Leo J. Treanor, Michigan; C. F. Hobbs, Kansas; T. L. Anderson, Illinois; Donald Harlow, Iowa; Frank B. Dilts, North Carolina.

**Codification of Rulings**—H. O. Fishback, chairman, Washington; S. A. Olsness, North Dakota; Carville D. Benson, Maryland; James J. Bailey, Louisiana; T. M. Baldwin, District of Columbia; J. S. Maloney, Arkansas; C. D. Livingston, Michigan; Sam T. Mallison, West Virginia.

**Credentials**—T. M. Baldwin, Jr., chairman, District of Columbia; T. M. Henry, Mississippi; R. S. Burlingame, Rhode Island; D. C. Neifert, Idaho; George Huskinson, Illinois.

**Examinations**—Joseph Button, chairman, Virginia; Shelton M. Saufley, Kentucky; Jesse G. Read, Oklahoma; John E. Sullivan, New Hampshire; William G. Safford, Ohio; John R. Dumont, Nebraska; Charles R. Detrick, California; Clare A. Lee, Oregon; Dan C. Boney, North Carolina.

**Fidelity and Surety**—Carville D. Benson, chairman, Maryland; H. U. Bailey, Illinois; Clarence C. Wysong, Indiana; William R. Baker, Kansas; D. C. Neifert, Idaho; John C. Luning, Florida; James A. Beha, New York; C. D. Livingston, Michigan.

**Fire Insurance**—C. D. Livingston, chairman, Michigan; Wesley E. Monk, Massachusetts; Ben C. Hyde, Missouri; J. C. Luning, Florida; Shelton M. Saufley, Kentucky; H. O. Fishback, Washington; M. A. Freedy, Wisconsin; Joseph Button, Virginia; Howard P. Dunham, Connecticut; John R. Dumont, Nebraska; George W. Wells, Jr., Minnesota.

**Laws and Legislation**—Wesley E. Monk, chairman, Massachusetts; Howard P. Dunham, Connecticut; William R. Baker, Kansas; Jesse G. Read, Oklahoma; Matthew H. Taggart, Pennsylvania; Ben C. Hyde, Missouri; Charles R. Detrick, California; George H. Thigpen, Alabama; Shelton M. Saufley, Kentucky; Carville D. Benson, Maryland; R. B. Cousins, Jr., Texas; Robert

C. Clark, Vermont; William C. Safford, Ohio.

**Miscellaneous**—Matthew H. Taggart, chairman, Pennsylvania; George P. Porter, Montana; S. A. Olsness, North Dakota; Edward Maxson, New Jersey; Don C. Lewis, South Dakota; R. B. Cousins, Jr., Texas; T. M. Baldwin, Jr., District of Columbia; John J. McMahan, South Carolina; Dan C. Boney, North Carolina; Joseph Button, Virginia.

**Publicity and Conservation**—J. C. McQuarrie, chairman, Utah; Clare A. Lee, Oregon; Jackson Cochran, Colorado; James J. Bailey, Louisiana; Edward Maxson, New Jersey; J. S. Maloney, Arkansas; R. S. Burlingame, Rhode Island; George Huskinson, Illinois; Amos A. Betts, Arizona.

**Rates of Insurance Companies**—Edward Maxson, chairman, New Jersey; Clarence C. Wysong, Indiana; George H. Thigpen, Alabama; George W. Wells, Jr., Minnesota; Ben C. Hyde, Missouri; J. G. McQuarrie, Utah; J. S. Maloney, Arkansas; Dan C. Boney, North Carolina.

**Reserves Other Than Life**—D. C. Lewis, chairman, South Dakota; William R. Baker, Kansas; John E. Sullivan, New Hampshire; R. B. Cousins, Jr., Texas; Charles R. Detrick, California; J. S. Maloney, Arkansas; Ray A. Yenter, Iowa; D. C. Neifert, Idaho.

**Social Insurance**—George P. Porter, chairman, Montana; Jackson Cochran, Colorado; Clare A. Lee, Oregon; S. A. Olsness, North Dakota; D. C. Neifert, Idaho; Ray A. Yenter, Iowa; E. C. Peterson, Nevada; H. U. Bailey, Illinois; Sam T. Mallison, West Virginia.

**Standardization of Agents' Applications and Licenses**—Howard P. Dunham, chairman, Connecticut; J. S. Maloney, Arkansas; C. D. Livingston, Michigan; William C. Safford, Ohio; Clare A. Lee, Oregon; Matthew H. Taggart, Pennsylvania; M. A. Freedy, Wisconsin; E. C. Peterson, Nevada; Sam T. Mallison, West Virginia.

**Taxation**—John R. Dumont, chairman, Nebraska; Sheldon M. Saufley, Kentucky; Ben C. Hyde, Missouri; H. A. Delgado, New Mexico; Wesley E. Monk, Massachusetts; Jesse G. Read, Oklahoma; James A. Beha, New York; John J. McMahan, South Carolina; E. C. Peterson, Nevada.

**Unauthorized Insurance**—Robert C. Clark, chairman, Vermont; Ray A. Yenter, Iowa; T. M. Baldwin, Jr., District of Columbia; John C. Luning, Florida; James J. Bailey, Louisiana; Dan C. Boney, North Carolina; H. A. Delgado, New Mexico; C. D. Livingston, Michigan.

**Unfinished Business**—Jackson Cochran, chairman, Colorado; Harry A. Loucks, Wyoming; George P. Porter, Montana; R. S. Burlingame, Rhode Island; Amos A. Betts, Arizona.

**Valuation of Securities**—James A. Beha, chairman, New York; Wesley E. Monk, Massachusetts; Robert C. Clark, Vermont; M. A. Freedy, Wisconsin; George P. Porter, Montana; H. O. Fishback, Washington; Edward Maxson, New Jersey; R. B. Cousins, Jr., Texas.

**Workmen's Compensation**—Ray A. Yenter, Jr., chairman, Iowa; George H. Thigpen, Alabama; Charles R. Detrick, California; James A. Beha, New York; John R. Dumont, Nebraska; W. R. Baker, Kansas; Ben C. Hyde, Missouri; Clarence C. Wysong, Indiana; Wesley E. Monk, Massachusetts; Joseph Button, Virginia.

the steady reduction in the proportion of irregular paper. Paper calling for more than 12 monthly payments was 12.4 percent for 1927 as compared with 13.2 percent for 1926, and paper calling for less than standard down payment aggregated only 5.2 percent for 1927, as compared with 9 percent for 1926.

#### Reduction in Used Car Paper

"There was also a gratifying reduction in the proportion of used car paper to the total retail paper purchased. Used car paper for 1927 is 26.8 percent, compared with 33 percent for 1926. There has been steady reduction in the percentage of companies requiring dealers' endorsement on all used car paper, but the percentage of companies requiring dealers' endorsement on all or a part of

used car paper remains substantially stationary above 90 percent.

"The feeling on the part of bankers generally is much better than it has been at any time since 1924, when the tendency to let down on terms of payment began. The fact that retail auto paper calling for less than standard down payment is now only about 5 percent of the total is bound to have a further reassuring effect."

#### Harraden Critically Ill

Charles H. Harraden, veteran field man and former managing underwriter of the Buckeye National Fire, is critically ill with pneumonia at his home in Berwyn, Ill. He has been active in the field recently with the "Insurance Producers' Bulletin."

## EFFECT COMPROMISE IN SUIT AGAINST PALMETTO

### IS ECHO OF CHRYSLER DEAL

#### Metropolitan National, Reinsurer, Had Charged Conspiracy by South Carolina Company and Automobile

COLUMBIA, S. C., Nov. 23.—Over the violent protest of attorneys and Seibels, Bruce & Co., United States managers for the Metropolitan National of Havana, a compromise was effected late yesterday between Ernesto De Zalzo, president of the Metropolitan, and officials of the Automobile of Hartford and the Palmetto Fire of Sumter, S. C., in Federal Court here.

The compromise, effected at a conference of officials of the Automobile and Mr. De Zalzo during trial of the case, embodied in the main the features of a proposition made to the Metropolitan more than six months ago, whereby the Metropolitan was to release premiums held by it amounting to \$53,933, in equal apportionment of the court expense, payment of taxes incurred or due by the Automobile and relief from payment of losses incurred under the reinsurance contract held with the Palmetto by the Metropolitan amounting to \$109,000. All charges of fraud are withdrawn.

#### President Moses on Stand

Negotiations for the compromise were initiated after President Moses of the Palmetto had been on the stand less than 30 minutes. Mr. Moses was called to testify for the defendants, and direct examination had not been concluded when Judge Cochran was asked to order a recess of 30 minutes.

In a counter claim which the defendants had set up, the Automobile claimed damages from the Metropolitan National on account of failure to pay losses amounting to \$109,000. The compromise agreement signed by Mr. De Zalzo for the Metropolitan and E. E. Cammack, vice-president of the Automobile, amounts to a virtual verdict of \$50,000 for the Metropolitan, in the opinion of the United States managers.

#### Conspiracy Alleged

It was claimed the Automobile of Hartford and the Palmetto Fire were in a conspiracy against the agency firm. The firm claimed actual and punitive damages of \$150,000 arising out of a contract of reinsurance with the Palmetto Fire in connection with a new car contract said to have been executed originally between the Chrysler Corporation and the Automobile of Hartford.

The court denied a petition filed by E. L. Averill, deputy attorney-general of Connecticut, seeking to prevent the calling of William M. Corcoran, actuary of the Connecticut insurance department, to testify for the plaintiff regarding an audit made by Mr. Corcoran of the books of the Automobile.

#### Testify Concerning Contract

J. J. Seibels and R. M. Davis testified concerning the contract under which their firm acted as reinsurers of the Palmetto Fire. Both said that had they known the Automobile of Hartford was connected with the original Chrysler contract they would not have undertaken the business. Mr. Seibels testified that when he took the reinsurance contract with the Palmetto he was told by Perry Moses, president of the Palmetto, that the company's loss ratio after five months of operation amounted only to 8 per cent of paid premiums. Mr. Seibels said that he recently sent a representative of his firm to Hartford and discovered from inspection of the records that the real loss ratio during that time was 30 per cent.

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## CHANGES IN THE FIELD

### CHANGES BY NORTH BRITISH

George Hesse, Special Agent in Kentucky, Goes to Tennessee as State Agent for Group

Some changes are being made in the Kentucky-Tennessee field forces of the North British fleet. H. P. Vincent, state agent in Tennessee, recently resigned to go with the Cliff Stone general agency of Nashville. George Hesse, who has been special agent in Kentucky, is going to Nashville to be state agent for the group in Tennessee.

Paul Grider of Bowling Green, Ky., whose father is head of the Grider-Gardner Co. agency of that city, after a year with the North British fleet as inspector, has been appointed as special agent in Kentucky under State Agent J. Grover Galloway of Bowling Green, filling the vacancy caused by the transfer of Mr. Hesse.

As a result of Mr. Hesse's leaving Kentucky the Kentucky Fire Underwriters' Association will have to elect a new secretary.

### George C. Moseley

George C. Moseley has been appointed special agent of the North British & Mercantile, Pennsylvania, Mercantile of New York and Commonwealth in North Carolina with headquarters at Greensboro. He was formerly connected with the Siegels General Agency at Columbia. For the last five years he had been Texas special agent for the Cotton Fire & Marine Underwriters. He succeeds C. D. Grover.

### S. L. Woolard

Samuel L. Woolard, state agent for the American Central Fire in Kansas, has resumed jurisdiction over Colorado. Mr. Woolard was formerly state agent in both Kansas and Colorado, but this year gave up the Colorado field to undertake some special work in Kansas. This has been completed and he now resumes his work in the full field where he has represented the company for nearly 35 years.

### F. P. HAMILTON SPEAKS TO CHICAGO EXAMINERS (CONTINUED FROM PAGE 14)

that examiners should be familiar with accounting practices and balance payments, and that when they send letters to local agents ordering a cancellation, the letter should be an order, not a delicately worded request. "But is it possible," he explained, "to so issue an order that no one is offended."

### Moral Hazard Percentage Unknown

Regarding moral hazard, he said there are all kinds of guesses as to its prevalence, and that one man's guess is as good as another's. He said his own belief is that the percentage is high.

Examiners can aid rating organizations in their work, Mr. Hamilton said, by obtaining all possible information on doubtful risks, even if the expense be high. "If we had competent local agents at all points we would not have to do this," he said. "But we haven't them." He said it is futile to expect local agents in very small centers to know the technicalities of the business, and that it is the business of the examiner and all others who deal with local agents to instruct them.

### Hazards Change Constantly

"The common and special hazards of industry are constantly changing," he said, "and examiners must keep informed of these changes. I believe the matter of exposure is treated too lightly. 'Preferred business' I consider a mis-

### CALL MEN TO HOME OFFICE

H. Clyde Edmundson and J. V. Hurd Will Leave Their Posts in Field

The Niagara Fire has called H. Clyde Edmundson, its Minnesota and North Dakota state agent, and J. V. Hurd, its Ohio state agent, from the field to occupy responsible posts at the head office. Charles C. McClure will replace Mr. Edmundson in the northwest, while D. M. Morrison has been appointed special agent for southwestern Ohio. Mr. Edmundson before joining the field force of the Niagara seven years ago, traveled the Rocky Mountain territory for the Scottish Union & National, while Mr. Hurd too is a tried field man of the right caliber. Mr. McClure, who is a son of John McClure, the veteran state agent of the St. Paul Fire & Marine, was previously with the Automobile of Hartford, while Mr. Morrison is an underwriting product of the Niagara home office, having served apprenticeship in several of its departments.

### Continental Appointments

James Trulove has been appointed special agent for the Continental in Texas, with headquarters at Amarillo, to succeed T. G. Sellers. Mr. Trulove was formerly with the Norwich Union in Oklahoma. Two other Texas changes have been made by the Continental. R. A. Caldwell, Jr., formerly with the Republic, having been named inspector for the Continental and Richard Wray having joined the company as automobile and inland marine special agent. Mr. Wray was formerly with R. D. Coughanour & Son.

### C. R. Tobin

C. R. Tobin, who has been special agent of the Aetna in Connecticut and western Massachusetts, has been transferred to Minnesota as assistant to State Agent W. J. Tipperary. Mr. Tobin was originally in the western department of the Aetna, but went to Hartford about

(CONTINUED ON PAGE 18)

nomer so far as many classes and some states are concerned."

Mr. Hamilton said that the business of fire insurance is empiric rather than scientific, but said also that although the business cannot be conducted on theory, knowledge of the theory of the business will be helpful to all who have it. He said the examiner of today has at his service a body of literature much larger and of greater value than had the examiner of a quarter of a century ago, and urged that all examiners use this library.

### Model Arson Law Applauded

He applauded the model arson law, and said that in 1926 the companies were successful in obtaining 231 convictions for arson, according to the records of the National Board.

Among the managers and assistant managers present as guests at the meeting were: C. R. Street, vice-president Great American; Harry A. Yates, assistant manager Aetna; Fred A. Rye, manager Commercial Union; E. A. Henne, secretary America Fore companies; W. L. Lerch, deputy manager Royal; E. C. Smith, assistant manager Sun; Charles F. Thomas, assistant manager Aetna; M. H. Grannatt, assistant manager L. & L. & G.; H. L. Dalton, assistant manager Royal; Randolph Buck, manager Western Factory; M. Le Pitre, second assistant manager Fire Association; William K. Maxwell, assistant general agent Hanover; Harry Casper of Fred S. James & Co.



*Because  
Pioneering  
and  
Progressiveness  
Count*

When you have the "Eagle Star" in your agency you have all those advantages that a Fred S. James Representative affords.

For over fifty-five years Fred S. James & Company have pioneered in readily recognizing progressive ideas.

An example 'Way back in 1900 Fred S. James & Company established an engineering and inspection department with the idea of furnishing its underwriting department and its companies with complete and accurate knowledge of the risks involved and at the same time giving to its clients full information pertaining to rate reductions and to fire protection and prevention.

It is because pioneering and progressiveness count that representation of this Company counts.



**FRED S. JAMES & CO., U. S. Managers**

Head Office  
123 William Street  
New York

Western Department  
175 W. Jackson Boulevard  
Chicago

Pacific Coast Department  
108-110 Sansome Street  
San Francisco



**WANTED**

Man familiar and efficient in the handling of General Insurance Office Detail. Must have knowledge of Casualty and Fire. One familiar with rates and have some executive ability and be able to explain the different forms to clients by personal call or by phone. Married man preferred. Write giving experience and salary expected to start. Address **C-73**, Care The National Underwriter.

**EXAMINER WANTED**

Examiner familiar with middle west territory for home office position of one of the old Philadelphia, Pennsylvania, Companies. Please state educational training, business experience and salary expected. Address **C-71**, Care The National Underwriter.

**SPECIALISTS**  
in  
**INSURANCE**  
**STOCKS**

Quotations will be gladly furnished.

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New York Stock Exchange  
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Refer to Quotations that appear regularly in  
THE NATIONAL UNDERWRITER

# SECURITY FIRE INSURANCE CO. of Davenport, Iowa



Commenced Business 1883

(CONTINUED FROM PAGE 16)

two years ago to take a home office training course and later went into the field. He succeeds E. J. Lorenzen, who is returning to the western department of the Aetna as an assistant examiner.

**J. H. Corbett**

J. H. Corbett has been appointed special agent of the inland marine department of the Aetna with headquarters in Chicago. Mr. Corbett has been with the Aetna's inland marine department for some time and has done some field work in the past. In the future he will give all of his time to traveling and will assist the recording department.

**R. H. Doerzbach**

The Automobile of Hartford announces the resignation of Rodger H. Doerzbach as special agent in Ohio. Mr. Doerzbach has made a fine record in the field, and is leaving to become as-

sociated in the local agency business with his father, Geo. J. Doerzbach, one of the pioneer insurance agents of Sandusky, O.

**H. F. Potter**

The National Union Fire announces the appointment of H. F. Potter as special agent in western Pennsylvania.

**Reynolds Brothers**

Reynolds Brothers of Fremont, Neb., have been appointed general agents of the Providence Washington in Ne-

braska. W. M. Waldman, who has been state agent of the Providence Washington in both Iowa and Nebraska, will in the future devote his entire time to Iowa, with headquarters at Des Moines.

**H. S. McFall**

H. S. McFall, special agent of the Niagara in Oklahoma and west Texas, has retired from active business and left Tuesday for Florida, where he expects to remain until he regains his health.

## AS SEEN FROM CHICAGO

### FIRE COUNCIL MEETING HELD

More than 20 fire protection and prevention items were approved at the biennial meeting of the fire council of the Underwriters Laboratories in Chicago last Friday. Twenty-two members of the council attended.

The Underwriters Laboratories was awarded the Moorhead Medal for 1926 by the International Acetylene Association, which held its closing convention session in Chicago the same day the council met. This is the first time the medal has been awarded an organization instead of an individual. In accepting the award, Dana Pierce, president of the laboratories, applauded the pioneer work of E. J. Smith, head of the laboratories' engineering department, studying acetylene equipment.

### DISCUSS COMMISSION PROGRAM

An informal meeting of the committees of the Western Union, Western Insurance Bureau and Chicago Board that have been appointed by those three organizations to evolve a new commission program in Chicago was held last Monday afternoon. Ernest Palmer, manager of the Chicago Board, presided at the gathering. Some time ago the Union appointed George H. Bell of the National of Hartford, A. G. Dugan of the Hartford and C. R. Street of the Great American as its committee. Last week President H. A. Clark of the Western Insurance Bureau named his committee, consisting of Walter D. Williams, Security of New Haven; Charles H. Yunker, Milwaukee Mechanics, and Fred M. Gund, Crum & Forster. Mr. Yunker is at present on the coast and at this week's conference Vice-President Robe Bird of the Milwaukee Mechanics acted for him.

All phases of the Chicago commission situation were discussed on Monday and will be taken up at other meetings of these three committees that are to be held regularly until about the middle of December, at which time it is anticipated that the new program will be worked out in every detail, following which it will be printed and mailed to the Chicago Board membership and the western managers in Chicago. It can

then be taken up and acted upon at one of the regular meetings of the board.

### OIL ASSOCIATION CHANGES

H. M. Carmichael, manager of the Oil Insurance Association, announces that W. K. Whitmore, special representative, has been transferred from Tulsa, Okla., to the Chicago office. J. K. Ross, special representative, succeeds Mr. Whitmore and will supervise the Oklahoma-Kansas territory of the association.

### REVIEW THE HOME GROUP

J. K. Rice, Jr., & Co., stock and bond brokers of this city, have issued a special circular reviewing the activities of the Home of New York group of companies, outlining briefly the history of the Homestead, Harmonia, Franklin, City of New York, Carolina and the New Brunswick Fire as well as the Home and setting forth the marked prosperity each attained once its management was taken over by the controlling office. It is pointed out that all of the allied companies prosper through the prestige of the Home. They have the benefit of its trained underwriting staff and of its skilled financial advisers.

### NORTH BRITISH CASHIER DIES

Miss Mildred O. Johnson, chief accountant and cashier of the Chicago branch of the North British group, died last week at the home of her parents. Miss Johnson was ill only a few days. She had been associated with the North British organization for the past five of six years, and was a young woman of unusual charm and personality.

### JOHNSON JOINS LLOYD-THOMAS

L. C. Johnsen, who for many years was chief accountant in the Chicago office of the Great American and later held the same position with the Springfield F. & M. and Fred S. James & Co., has joined the sales staff of the Lloyd-Thomas Appraisal Company, Chicago.

Charles H. Haraden of the "Insurance Producers Bulletin" is very ill with pneumonia at his home in Berwyn, Ill.

## VIEWED FROM NEW YORK

By GEORGE A. WATSON

### EAGLE FIRE INCREASE

Directors of the Eagle Fire of Newark last week voted to increase the capital of the company to \$1,000,000 from \$750,000 by issuing 12,500 shares of new stock at par \$20 a share, at \$50 a share. This would add \$375,000 to the surplus.

Stockholders of record Nov. 26 will be permitted to subscribe for one new share for each three shares they now hold. The new stock is to be paid for by Dec. 20.

Stockholders of the company about a year ago authorized the capital increase from \$500,000 to \$1,000,000 and in December, 1926, half of this stock was issued at \$45 a share. This brought the capital up to \$750,000 and added \$312,500 to surplus. The present decision

for a further increase was, therefore, taken without further reference of the matter to the stockholders.

Franklin W. Fort is secretary and manager of the company. Its business volume has grown steadily for a number of years. It is engaged exclusively in reinsurance of fire and allied lines.

### OPENING LIFE DEPARTMENT

Johnson & Higgins, general insurance brokers of New York, with branches in 15 other cities, have opened a life insurance department, appointing Gerald A. Eubank, formerly general agent in the metropolitan district for the Aetna Life, as general manager. M. F. Kane and H. G. Henderson, who had been associated with Mr. Eubank for several years, will be assistant managers. The

work will be handled from the New York office, but life departments will be opened in each of the branch offices in Baltimore, Boston, Buffalo, Chicago, Cleveland, Detroit, Los Angeles, New Orleans, Philadelphia, San Francisco, Seattle, Havana, Montreal and Winnipeg. The new department will represent several life companies, taking no one general agency. Mr. Eubank is one of the prominent life insurance managers of the country, having been joint manager with Hugh D. Hart of the Aetna Life New York office for several years. Since he resigned that connection a few months ago, he has been operating an independent brokerage office.

\* \* \*

#### BROOKLYN FIRE LICENSED

License to do business in New York state has been issued to the Brooklyn Fire, a recently organized company. Corroon & Reynolds will have underwriting management of the company. The company expects to begin active writing at an early date.

The New York City business of the company will be transacted through the Central Fire agency at 92 William street and the Brooklyn office will be at 92 Clinton street. Temporarily its business is being handled from 367-72 Fulton street. The organization of the company is unusual in that so many people wish to participate in its earnings that it was initially established on a larger scale than originally planned. There was no promotion cost.

\* \* \*

#### CONFER ON ADJUSTMENTS

Suggestions for the improvement of adjusting conditions in New York were made at a conference of public adjusters with Superintendent Beha last week. The meeting was the first general conference with the insurance superintendent since the organization of the association two years ago, when it was called into existence by Mr. Beha in order to eliminate some of the evils then encountered. At this conference Mr. Beha urged the adjusters to concentrate on the elimination of one notable evil still existing, that of night solicitation of fire loss adjustments. He said that under the agreement and the ruling of the department the hours for such work were from 8 a. m. until 6 p. m. and that no deviation could be allowed. Mr. Beha complimented the adjusters on the improvement made during the past two years and made some further suggestions on minor details of the work.

\* \* \*

#### QUEEN TO INCREASE CAPITAL

The Queen proposes a capital increase from \$3,000,000 to \$5,000,000 through transfer of \$2,000,000 from the surplus to the capital account. The New York department's examination of the company preliminary to the transfer showed that on Sept. 30 the Queen had total admitted assets of \$22,182,333 and its liabilities, including \$9,495,191 of unearned premium reserve, was \$11,065,848. The net surplus in excess of the \$3,000,000 capital was, therefore, \$8,116,485. Surplus to policyholders is \$11,116,485.

\* \* \*

#### COLONIAL STATES PLAN

Its capital of \$200,000 and surplus and special reserve of \$300,000 having been fully subscribed, the Colonial States Fire of New York City plans to get under way at the beginning of the year, following which an additional issue of stock will likely be offered to bring the company into the millionaire class. Harrison B. Moore of Harrison, Moore & Co., underwriters, is president of the Colonial States Fire as he was its chief organizer, and will direct its managerial policy. Shareholders of the corporation include a number of prominent real estate operators, bankers and general business men of this city, and from these a considerable volume of desirable business is assured as a nucleus.



*As Poor Richard said, "If you would be wealthy, think of saving as well as getting."*

And Poor Richard might continue—If you would have a large clientele, think of satisfying those you have as well as getting new ones.

A satisfied client is really the best advertisement you can have. Keep him that way. If he is not adequately covered by his insurance, show him how a loss would fall partially on his shoulders. If there are ways by which he could reduce his fire hazards and thereby the cost of his protection, tell him

how. If he should have some form of insurance protection in addition to his present coverages, your recommendation now may save him loss later.

To help you help your clients, The Franklin Fire Insurance Company of Philadelphia has descriptive folders that are yours for the asking. Use them to tell your clients about the forms of insurance provided by this old, reliable Company.

The Franklin Fire offers to agents a wide range of insurance covers. Well qualified agents in territories where this Company is not already represented, are invited to investigate the advantages offered by this old established Company.

**The FRANKLIN FIRE INSURANCE COMPANY**  
*of Philadelphia*  
Organized 1819



**NEW ORLEANS'**  
**New St. Charles**

To better serve our many friends and patrons over 300,000.00 has been expended in reconstruction and rehabilitation to maintain this famous hostelry as

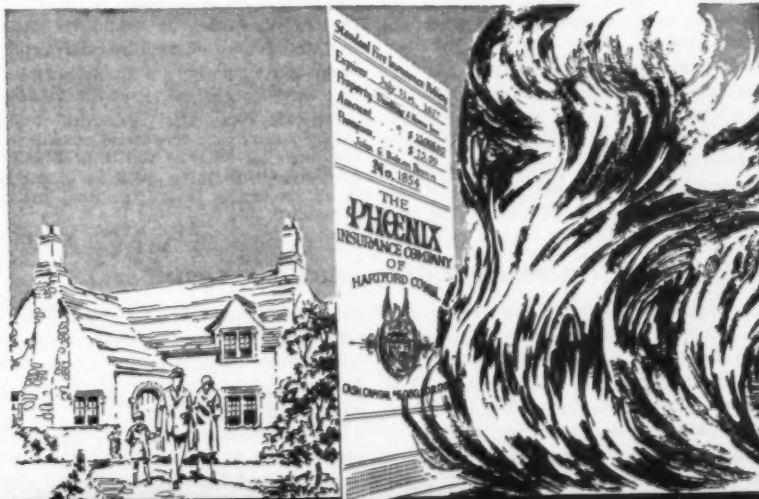
**One of America's Leading Hotels**

The large well ventilated high ceiling rooms have been retained and modernized

ACCOMMODATING OVER 1000 GUESTS  
Send for Descriptive Hotel Folder  
Illustrated Mardi-Gras Program for the asking

**ALFRED S. AMER AND CO., Ltd.**  
NEW ORLEANS, LA.

Ticket Offices of all Transportation Lines in lobby



**TIME TRIED AND FIRE TESTED**  
SINCE 1854  
**THE PHOENIX INSURANCE COMPANY**  
*of HARTFORD CONN.*



## THE NATIONAL UNDERWRITER

Formerly THE WESTERN UNDERWRITER

Published every Thursday by THE NATIONAL UNDERWRITER COMPANY, Chicago, Cincinnati and New York. EDWARD J. WOHLGEMUTH, President; JOHN F. WOHLGEMUTH, Secretary; HOWARD J. BURRIDGE, Vice-President and General Manager; H. E. WRIGHT and NORA VINCENT PAUL, Vice-Presidents; WILLIAM A. SCANLON, Southwestern Manager; GEORGE C. ROEDING and O. E. SCHWARTZ, Associate Managers; B. F. STEVENS, Manager, Advertising Service Department.

C. M. CARTWRIGHT, Managing Editor  
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Member of

AUDIT BUREAU OF CIRCULATIONS

Associated Business Papers, Inc.

National Publishers Assn., Inc.

### Should Investigate Advertising

Since EARNEST ELMO CALKINS, well known New York City advertising man, delivered himself of sundry and diverse observations on insurance advertising, first at the meeting of the INSURANCE ADVERTISING CONFERENCE in Hartford, next through the columns of the "Atlantic Monthly," there has been much discussion as to whether insurance lent itself to quantitative advertising and whether money spent in institutional publicity would bring returns.

Some authorities in advertising have given us their opinions on the subject. ALLEN D. ALBERT, the distinguished editor of the Evanston, Ill., "News Index," gave a most sane talk at the INSURANCE ADVERTISING CONFERENCE meeting in Chicago. President HUNTINGTON of the CONNECTICUT GENERAL LIFE has a letter in the November "Atlantic Monthly" in reply to Mr. CALKINS. At the meeting of the AMERICAN LIFE CONVENTION in Dallas, a business-like talk on advertising was given by JOHN LEE MAHIN of New York City. Undoubtedly Mr. CALKINS, in his attempt to strike terror in the hearts of insurance officials, stirred up their wrath instead by his sarcastic reflections on their business sagacity and their seeming obtuseness to the keen shafts of advertising solicitation.

The most advanced step that has been taken is the decision of the BUREAU OF LIFE INSURANCE SALES RESEARCH to make an exhaustive study of the possibilities of advertising so far as life insurance is concerned. The bureau has induced 20 companies to subscribe \$250 each, thus pro-

viding a fund of \$5,000 to make the investigation. Company officials themselves differ in their opinion as to the value of institutional advertising. Some are very much in favor of it, and see in it abundant reward. They feel that while direct returns may not be so much in evidence the people will absorb some knowledge, sales resistance will be broken and the cultivation of the field will have been started before the agent gets around. Others are not so hopeful. They realize that advertising is a great force, but with insurance they say the persuasive power of the agent is so much needed that the printed word does not go far. They claim that almost all commodities are bought while insurance has to be sold. People do not know whether they want insurance or not. They have to be convinced. These men take the ground that the great army of agents throughout the territory are the natural advertisers and publicity men for insurance.

The finding of the BUREAU OF LIFE INSURANCE SALES RESEARCH will certainly be of interest. It will be the first time that a systematic, intelligent, non-partisan investigation will have been made as to the virtues of advertising in its application to insurance. It would be well in this connection if the fire and casualty companies would have a similar survey before they launch into an expensive advertising campaign. If it is decided to start a big advertising enterprise it will cost thousands of dollars. Will it be worth it? We suggest that the question be studied in all its phases before the final decision is reached.

### False Economy and Its Result

SOMETIMES public bodies get a false, economical streak and come to grief on account of it. All governmental bodies are anxious to secure more revenue. The demands are increasing. When, therefore, there has been no loss by fire, tornado or other calamity for a number of years, those in authority begin to rest very easily and feel that they are immune. They feel they need no protection. This was the case with the St. Louis board of education. It concluded that a windstorm would not damage school property to any great extent, but in order to create a sinking fund it established a self-insurance plan,

accumulating some \$75,000 in this fund to take care of the tornado losses. The most conservative estimate of the school losses in St. Louis on account of the recent windstorm is \$1,000,000.

The premium covering all the school property in St. Louis for a three-year period would have been \$31,961. The amount that the board of education will have to pay for the damage done on account of this storm and which will come from the taxpayers would have paid tornado insurance premiums for over 100 years. The St. Louis board of education therefore has learned a very hard lesson.

## PERSONAL SIDE OF THE BUSINESS

Leonard E. Tanner, Indiana state agent of the Star, was married recently to Miss Grace Marie Longergan of Wichita, Kan. Mr. Tanner traveled in Kansas for many years.

William D. Grier, general agent of the North British & Mercantile in charge of the improved risk department, celebrated the completion of 25 years of service with the company last week. He was given a dinner by the members of the staff of his department. The members also presented him with a traveling bag. Mr. Grier is an expert on sprinkler risk business and has given much attention to chemical risks. He is a member of a number of chemical societies and often has given lectures to insurance organizations on chemical processes and hazards.

Harry A. Sundberg, secretary of the Hedwall-Sundberg Co. of Minneapolis, was married recently to Mrs. Josephine A. Burnett of Minneapolis. Mr. and Mrs. Sundberg have just returned to Minneapolis from a honeymoon trip through the east.

W. C. Kirkland of Chicago, western district manager of the Travelers Fire, has returned from the Pacific coast, where he went on business for the company.

Alfred Stinson, vice-president of the Automobile of Hartford, is a type of the kind of executive who keeps a contact with the entire country. He has just returned from his second visit to the Pacific coast within six months, and in the meantime has made innumerable long journeys to the south, west and north.

A. C. Barber, for a number of years insurance commissioner of Oregon and now agency superintendent of the Oregon Automobile, was run down by an automobile in Portland the other day and suffered painful injuries. The accident occurred on the day of his return from a hunting and fishing trip on the Rogue river.

George McCarthy, one of the best known insurance men in Boston, and veteran member of the firm of Randall, McCarthy & Co., died at his home in Brookline the past week aged 68 years. He had been ill for some time. Mr. McCarthy was born in Boston and was the first clerk employed by the late John C. Paige when the latter established an agency in Boston after the Boston fire of 1872. He grew with the business and became one of Mr. Paige's most trusted lieutenants, later after Mr. Paige's death becoming a member of the firm of John C. Paige & Co. Retiring from the partnership several years ago he formed the agency of Randall, McCarthy & Co., which had been very successful.

Rollin M. Clark, assistant manager of the insurance department of the United States Chamber of Commerce, was in Chicago last week in attendance at the Commercial Forestry Conference.

P. J. Clancy of Des Moines has been appointed chairman of the casualty and surety committee of the National Association of Insurance Agents by W. Eugene Harrington, president of the national organization. Mr. Clancy has been in agency work in Des Moines since 1912 and has been active in both the National association and the Iowa association, of which he is a former president.

Stacey W. Wade, retiring insurance commissioner of North Carolina, and Dan C. Boney, Mr. Wade's successor, were guests of the Raleigh and Durham insurance exchanges at a banquet last

week. Col. Walker Taylor of Wilmington presided as toastmaster. Among the speakers were Alexander Webb, president of the North Carolina Home; F. Southgate of Durham, Harry R. Bush of Greensboro, who represented the general agents; N. J. Heyward of Raleigh, representing the special agents; Landon Hill of the Inspection Bureau and W. B. Merrimon, representing the Greensboro local agents. O. E. Lane, president of the Niagara Fire, and A. R. Phillips, vice-president of the Great American, also were present.

William L. Lindsay, secretary of the Globe & Rutgers, died last week following a prolonged illness. Mr. Lindsay suffered a nervous breakdown two years ago and had not been active since that time. He was 59 years old and had been in the insurance business for 28 years. He started with the old Globe Fire in 1899 and when it was consolidated with the Rutgers, he continued with the new organization, the Globe & Rutgers. He was cashier and secretary for many years.

Wellington H. Wart, assistant secretary of the Aetna Fire and the World Fire & Marine, died at the Hartford hospital last week, following an illness of about three weeks. Mr. Wart was 61 years old and had been in the insurance business for 35 years. After studying law, he entered the service of the Phoenix of Hartford in 1892, when 25 years old. He was appointed special agent in Maine, New Hampshire and Vermont in 1900. In 1911 he was transferred to the Aetna as special agent in Maine and New Hampshire and in 1920 was given the title of state agent. He was one of its prominent field men and was a member of the executive committee of the New England Insurance Exchange. In 1923, when the Aetna created the position of general adjuster, Mr. Wart was given the honor of filling that position and organizing the department. In 1926 he was appointed assistant secretary of the company and also of the World Fire & Marine, which position he held at the time of his death.

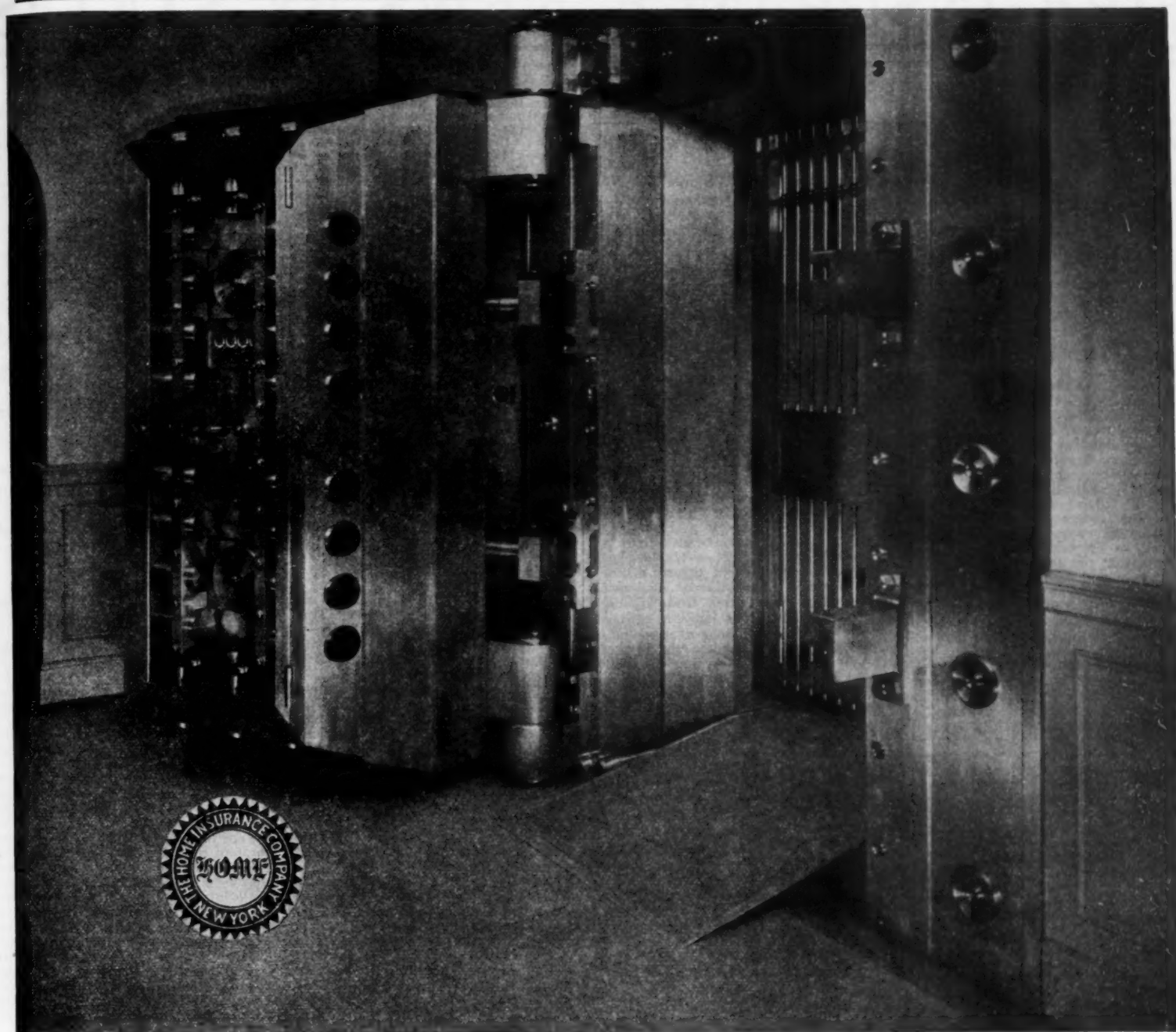
Harry C. Brearley, president of the Brearley Service Organization of New York, is the author of a little booklet which has been published by the Spectator Company, entitled "Banishing Insecurity." In this Mr. Brearley presents the picture of insurance in its many phases and its relationship to the economic and social structure.

John J. King, vice-president of the Hooper-Holmes Bureau, was given a birthday luncheon on the occasion of his 60th birthday by his four sons, Harold, Fred, Charles and Edward. Among the guests were about 15 intimate old-time friends of Mr. King, several of them insurance company officials. As a gift Mr. King received a handsome marine clock and barometer.

F. Highlands Burns, president of the Maryland Casualty, has been elected a director of the Homestead Fire of Baltimore. The Homestead is one of the Home group.

### Eureka-Security's Year

The Eureka-Security Fire of Cincinnati will show an increase of \$70,000 in premiums this year. It is one of the companies that has been able to more than hold even. The Eureka-Security was enjoying a very profitable experience until the St. Louis tornado brought it a number of losses. Even at that the company expects to close the year with a fair margin of profit. Last July the Eureka-Security established a general agency at Birmingham, Ala., for that state. Most of its increase, however, has come from its old territory.



## PROTECTION

A steel vault with its huge door—its intricately timed system of locking, its inherent strength, inspires confidence.

But obviously, all valued possessions cannot be safeguarded back of steel doors.

When factories, office buildings or homes are to be built

they require financing. This involves loans and mortgages which must be protected with insurance.

Bank officials recognize the important part which insurance plays in their business and know that to protect their investments with insurance is as important as to safeguard deposits with steel vaults.

*This is an advertisement by The Home Insurance Company of New York presenting to its agents a suggestion of the place which Fire Insurance takes as a vital factor of the nation's development.*

# *The*HOME INSURANCE COMPANY NEW YORK

CHARLES L. TYNER, President



# FIRE INSURANCE NEWS BY STATES

## OHIO AND WEST VIRGINIA

### AGENTS CONSIDER AGREEMENT

**West Virginia Association Executive Committee Is Debating Its Future Program**

CHARLESTON, W. VA., Nov. 23.—The executive committee of the West Virginia Association of Fire Insurance Agents met in Charleston Monday to consider the separation agreement plan offered the fire insurance agents by the West Virginia Uniformity Association. Few agents have signed the agreement, as they have six weeks yet in which to give the plan consideration. They await what action the executive committee may advise. They await what comfort the state insurance department may accord them, and they await the hope that the more important companies outside the uniformity association shall decide to take the matter up by legal proceedings in the federal courts.

Just what conclusion was reached by the executive committee has not been divulged, as the circular letter has not yet been sent out to the members, but the hint is out that a fight is to be waged. Some want a compromise. They are willing to sign an agreement not to charge off more than 20 percent commission for business given and accepted by any company inside or outside the ranks of uniformity. They are willing to forego anything in the way of bonus for preferred business. They do not show a way whereby this may be accomplished. Business ethics are not so well established that agents will turn down offers of a bit of side money. They profess to want to stand by the companies outside uniformity that have been with their respective agencies so long and have treated them so well.

Many proposals were suggested at the meeting of the executive committee in the way of amendments to the proposed agreement offered them. They want a redrafting of that agreement to include certain other matters upon which no settled policy has yet been determined. They want the sole agency stipulation included; they want the solicitor evil abandoned; they want the banks and trust companies not to represent insurance companies as agents; they want protection as to expirations, renewals, rebates in cancellations safeguarded so they will not get stuck, and they want a lot of other things.

In short, the agents say they are getting the short end all the time and that the companies want to get all the fat.

### Plan West Virginia Tax Increase

CHARLESTON, W. VA., Nov. 23.—The legislative committee on Monday voted finally to raise the \$5,000,000 fund for the completion of the state capitol by taxing during the next five years all corporations, including all insurance companies, 1 percent on net income. The time for calling the extra session awaits conference by mail with assembly members.

### Good Results in Salem Inspection

Twenty-four field men and three deputy state fire marshals took part in the recent inspection at Salem, O. A total of 195 inspections was made, 121 defects were found and 476 recommendations were made. The schools were addressed by W. S. Winnard of the Ohio Inspection Bureau and E. O. Thompson of the Pennsylvania Fire, Columbus. Nearly 1,000 school children heard the talks. The evening meeting was addressed by John H. Gray, North British & Mercantile, Columbus; Mr. Winnard, and F. O. Everts, in charge of electrical inspections, Ohio Fire Inspection Bureau. Mr. Everts gave a stereopticon talk, showing many views of interest.

### PROCEED WITH SEPARATION

**Companies in West Virginia Do Not Contemplate Abandonment of Plan**

NEW YORK, Nov. 23.—That the companies holding membership in the West Virginia Uniformity Association are likely to be swerved from their determination to enforce the separation program in the state at the beginning of the new year because of the opposition of a considerable number of the local agents to the plan, is highly improbable and no suggestion to that end has been proposed, much less entertained. The companies have been addressed by the West Virginia department on the subject, and those belonging to the governing association have very frankly admitted the fact. A percentage of local men have signed the agreement pledging that they will not accept more than the stipulated commission from any other company, though the great majority have failed to do so thus far, inspired doubtless by the recent appeal of the West Virginia Association of Insurance Agents that they refrain from signing any pledge until consideration can be given the matter by the executive committee of the body, and in the further thought that some action may be taken by the home commissioner. When the flat 20 percent commission agreement went into effect in the state three years ago, a number of the cooperating companies favored a strong separation plan. This, however, failed to carry because of the opposition of several prominent offices. The latter have now been won over to the idea, or at least are content to abide by the rule of the majority, and over 80 percent of the associated offices have declared for enforced separation.

### CLEVELAND BOARD'S POSITION

**Not Willing to Construe "Travelers Agreement" as in Any Way Approving Branch Manager Plan**

CLEVELAND, Nov. 23.—The Insurance Board of Cleveland has given out this statement of its position on the "Travelers agreement" at the National association meeting in New Orleans:

"Articles published in various papers indicate a difference of opinion in the interpretation of the report read at the New Orleans convention by the chairman of the executive committee of the National Association of Insurance Agents on the so-called 'Travelers statement.' It is our understanding that the purpose of the report was to relieve the Travelers of unwarranted criticisms. We do not interpret the New Orleans Travelers report as being an endorsement of the branch manager and non-policy-writing agency system. We wish to protest against its being so considered either by the National association or by insurance companies. We wish to go on record that we will not be bound by it if it is to be interpreted as an approval of the branch manager, non-policy-writing agency system in any form."

### Mandamus Case Under Advisement

The mandamus suit brought by Johnson & Higgins and Marsh & Lennan against William C. Safford, superintendent of insurance of Ohio, was argued in the Ohio Supreme Court this week and was taken under advisement by the court. No indication was given as to when the decision will be announced.

The plaintiffs, who are foreign brokers with rights to do business in Ohio as such, are seeking through subsidiary corporations formed under the Ohio law to get local agents' licenses. In their mandamus proceeding, they protest against being barred from Ohio as local agents. Judge Harry L. Conn represented the plaintiffs, together with Wilbur E. Benoy, while Judge C. S. Younger of the attorney general's department represented Superintendent Safford.

### Plan Inspection of Medina

An inspection will be held at Medina, O., by the Ohio Fire Prevention Association Nov. 30. It will be sponsored by the Kiwanis Club and C. D. Rickard, city clerk and chairman of the Kiwanis public affairs committee. A luncheon will be served but there will be no evening meeting. The scout committee is composed of Earl Gibbs, Columbus, chairman; Virgil W. Souders and J. A. Gavin,

Cleveland. This will be the last Ohio inspection this year.

### Want Airplane Insurance Compulsory

Clark county farmers have asked the Ohio Grange to have a law enacted making airplane insurance compulsory, thus insuring farmers against loss in case of accident to farm buildings. The farmers also favor a highway police force.

### Mrs. Hukill Dies

Mrs. Mary Hukill, mother of W. S. Hukill, Jr., well known Cincinnati local agent and former secretary of the Merchants-Manufacturers, died last week.

### Ohio Notes

A loss of \$50,000 was caused by fire in the plant of the Progress Lithographing Company at Cincinnati.

The plant of the Wilmington Ice Company at Wilmington, O., was burned this week with a loss placed at \$35,000.

## CENTRAL WESTERN STATES

### REVIEWING STATE INSURANCE

**Policy Varies as to Coverage on Michigan Institutions—Talk of Renewing State Fire Fund**

LANSING, MICH., Nov. 23.—Some big state lines which are shared by a number of agencies and companies have been occupying the attention recently of the state rating division in preparation for renewing the coverage. William E. Goodman head of the division, has been going over the rate on the state fair buildings and equipment at Detroit, on which \$1,500,000 insurance is carried with stock companies. Coverage on materials and temporary construction at the new Jackson prison, which formerly amounted to \$270,000 but has been reduced by the rating division to \$180,000, has also been checked recently while adjustment of a \$29,000 loss on this property has been under surveillance.

The state carries much of its own risk on the various institutions, although policies have varied somewhat. Formerly all institutions and departments with insurable property were forced to set aside a portion of their biennial budget in a state fire fund, but since abandonment of this form of self-insurance some seven years ago insurance practices have not been uniform, the companies being allowed to assume the risk wherever it has been deemed expedient, while the state carried no coverage on property considered a superior risk. At the prisons, the buildings have gone uninsured for the most part, it is said, while materials used in the prison industries have mostly been protected.

There has been considerable discussion since Governor Green took office of reviving the fire fund, which the governor is said to favor. A report on the condition and method of operation of the fund, which is believed to have been almost wholly depleted during the seven-year period when it was paying losses, at least in part, and was receiving no further contributions, has been filed with the executive but its contents have not been disclosed as yet. The report was compiled by officials of the insurance department.

### May Sell Kankakee Reciprocal

It is reported that the Auto Owners Indemnity Exchange, a reciprocal of Kankakee, Ill., has made plans to sell out to or consolidate with a company at Bloomington, Ill., operated by Harold P. Gardner of that city. Mr. Gardner at one time had a large farm general agency at Bloomington with his father. Later he organized the Central West Fire of Bloomington, a stock company that liquidated in 1922. The old Gardner agency is now operated by M. H. Zirkle at Bloomington.

### INSURANCE BASIS OF CREDIT

**Richard E. Vernor and Ralph Wade Stress Its Importance at Meeting of Lansing Credit Men**

LANSING, MICH., Nov. 23.—How extensively sound credit is related to fire insurance was brought forcibly to the attention of the Lansing Association of Credit Men when Richard E. Vernor, head of the fire prevention department of the Western Actuarial Bureau, Chicago, addressed the group. The association had arranged for a "Fire Prevention Night" program with Mr. Vernor as the chief speaker and leading local fire agents as guests.

Fire not only frequently blasts credit, but it puts out of business a large percentage of the enterprises it strikes, Mr. Vernor pointed out, in pleading the case for fire prevention. He emphasized the point that the mere replacement cost of property destroyed is only a relatively small portion of the total economic loss from every major fire. But 26 percent of the business concerns hit by fire are able to resume business unimpaired, the speaker said, while 43 percent of the companies whose property is destroyed never resume operations, 17 percent lose their credit rating, and 14 percent are so handicapped that their profits and output are markedly reduced.

### Self-Insurers Poor Credit Risk

Insurance helps immeasurably in stabilizing credit, Ralph Wade, second deputy commissioner of the Michigan department, told the credit men in a brief talk summarizing the functions of the department. Not only fire, but windstorm coverage is advisable on all business and industrial property, the department representative said, citing the fact that both types of coverage are now required in most cases on mortgaged property. Mr. Wade gave a boost to insurance company facilities in the compensation field by pointing out that self-insurers are not as good credit risks as concerns protection by regular underwriters, as employees entitled to compensation are preferred creditors in event the employing concern suffers reverses and becomes insolvent. Local agents were credited by the state official with much of the responsibility for covering the business world with a "buffed blanket" of insurance which saves many a concern from foundering.

Another speaker was E. A. Goodwin, safety education director for the fire marshal's division and the state department of labor and industry.

Clyde B. Smith, prominent Lansing agent and member of the executive committee of the National association, also spoke briefly as did Fire Chief

## LOYAL TO PRINCIPLE—TO LOYAL AGENTS, LOYAL

NEAL BASSETT, President

A. H. HASSINGER, Vice President and Secretary

JOHN KAY, Vice President and Treasurer

WELLS T. BASSETT, Vice President and Secretary

### JANUARY 1ST, 1927, STATEMENTS

#### ORGANIZED 1855 FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

ASSETS	LIABILITIES	CAPITAL	NET SURPLUS	SURPLUS POLICYHOLDERS
\$27,602,649.57	\$17,796,927.66	\$5,000,000.00	\$4,805,721.91	\$9,805,721.91

#### ORGANIZED 1853 THE GIRARD F. & M. INSURANCE CO. OF PHILADELPHIA, PA.

\$5,648,862.17	\$2,938,563.59	\$1,000,000.00	\$1,710,298.58	\$2,710,298.58
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#### ORGANIZED 1854 MECHANICS INSURANCE CO. OF PHILADELPHIA, PA.

\$4,452,703.00	\$2,748,734.22	\$600,000.00	\$1,103,968.78	\$1,703,968.78
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#### ORGANIZED 1866 NATIONAL-BEN FRANKLIN FIRE INS. CO. OF PITTSBURGH, PA.

\$4,725,350.94	\$2,702,814.94	\$1,000,000.00	\$1,022,536.00	\$2,022,536.00
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#### ORGANIZED 1871 SUPERIOR FIRE INSURANCE CO. OF PITTSBURGH, PA.

\$4,600,981.46	\$2,598,996.65	\$1,000,000.00	\$1,001,984.81	\$2,001,984.81
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#### ORGANIZED 1870 CONCORDIA FIRE INSURANCE CO. OF MILWAUKEE, WIS.

\$5,261,240.09	\$2,942,034.49	\$1,000,000.00	\$1,319,205.60	\$2,319,205.60
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#### ORGANIZED 1886 CAPITAL FIRE INSURANCE CO. OF CONCORD, N. H.

\$724,764.95	\$733.34	\$300,000.00	\$424,031.61	\$724,031.61
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TOTAL ASSETS  
\$53,016,552.18

TOTAL LIABILITIES  
\$31,728,804.89

TOTAL NET PREMIUMS  
\$25,001,307.09

PHILADELPHIA, PA.  
CHICAGO, ILLINOIS  
Western Department  
844 Rush Street  
H. A. CLARK, Manager

HOME OFFICES  
NEWARK, NEW JERSEY  
CONCORD, N. H. MILWAUKEE, WIS.  
DEPARTMENT OFFICES

PITTSBURGH, PA.  
SAN FRANCISCO, CAL.  
Pacific Department  
60 Sansome Street  
W. W. & E. G. POTTER, Managers

## LOYAL TO PRINCIPLE—TO LOYAL AGENTS, LOYAL



Hugo Delfs, Mayor Luther Baker of East Lansing and C. C. Powell, industrial secretary of the Lansing Chamber of Commerce.

### Michigan Losses of Week

LANSING, MICH., Nov. 23.—Michigan's fire loss for the past week mounted to higher proportions than for some time when upwards of \$300,000 damage was sustained in a series of fires, two in the suburbs of Detroit and two in Grand Rapids.

A factory fire at Wayne destroyed two wings of the L. H. Gilmer Co. plant at a loss estimated at between \$80,000 and \$100,000. The plant manufactured auto body and radiator tape, a product treated with creosote under high pressure.

A department store building and three other smaller stores at Trenton were destroyed in another \$100,000 blaze. The department store was valued at \$50,000 and insured for only \$12,000.

The Grand Rapids blazes were both of an institutional nature, one causing \$75,000 damage to Mt. Mercy academy and the other causing \$10,000 loss at the state soldiers' home.

### New Detroit Agency

DETROIT, Nov. 23.—B. A. Schuck and W. G. Squier have established an office at 2322 Dime Bank building and will conduct a general insurance business. Both were connected with the Bosquette office the past four years, acting as manager and assistant manager of the fire and marine department.

They both started their insurance career with the Detroit Insurance Agency 12 years ago. They have an

excellent following which should insure their success. The firm name will be Squier & Schuck.

### Rogers in Detroit

Harry K. Rogers, engineer of the fire prevention department of the Western Actuarial Bureau, will appear in his popular characterization of "Smoky, the Fire Clown," in 20 of Detroit's public schools during the week Nov. 28 to Dec. 2. This will be Mr. Rogers' fourth appearance before the school children of Detroit, under the auspices of the fire prevention committee of the Board of Commerce.

### Indiana Notes

The Indiana state agency offices of the Ohio Farmers have been removed to 810 Union Title building, 159 East Market street, Indianapolis, telephone Lincoln 1050.

Ernest A. Wilkinson, local agent at Boonville, Ind., has decided to make the race for the Republican nomination for circuit clerk of Warrick county. He formerly served four years in the same position.

### Michigan Notes

Bunnell & Flint of Ionia, Mich., filed articles of incorporation the past week. The agency is capitalized at \$5,000. Incorporators were William H. Flint, George Bunnell and John J. Mikula, all of Ionia.

Senator W. R. Farrand, a member of one of Detroit's pioneer families, who is widely known in financial and philanthropic circles has moved his office to 2322 Dime Bank building, where he will be associated with the Critchell Insurance Agency, but maintaining an independent real estate and insurance business.

insurance in Milwaukee or that they attempted or are attempting to procure the revocation of any license that may have been issued to Broude by the insurance commissioner of Wisconsin. The defendants also deny that they made any threats as Broude alleged in his complaint.

They deny each and every allegation made by him in regard to their trying to get him out of the fire insurance business, and they "demand that the complaint of the plaintiff be dismissed with costs."

### Announce Executive Committee

MILWAUKEE, Nov. 23.—The personnel of the executive committee of the Insurance Federation of Wisconsin for the ensuing year has been announced by John A. Keelan, president of the Federation.

E. A. Plepenbrink, vice-president of the Wisconsin Mutual Liability, Milwaukee, and past president of the Federation, is chairman of the committee and will represent the casualty mutual companies; William M. Wolff, manager Fidelity & Deposit, Milwaukee, surety; Claude A. Bonner, manager accident and liability division Aetna Life, Milwaukee, casualty interests; S. A. Oscar, secretary of the Beavers, Madison, fraternal; Walter Hunter, special agent Commercial Union, Milwaukee, Union fire companies; Lew Snider, state agent Concordia Fire, Milwaukee, Bureau fire companies. George A. Jacobs, Janesville, president Wisconsin Association of Mutual Insurance Companies, mutual fire companies; W. B. Calhoun and Walter Greene, Milwaukee, fire insurance agents; John E. Reilly, secretary-treasurer Old Line Life, Milwaukee, life companies and agents; and Mr. Keelan, agency superintendent of the Time, Milwaukee, ex-officio member representing health and accident companies.

### Talks on St. Louis Tornado

FARGO, N. D., Nov. 23.—Norman Thompson of Fargo, state agent for the Liverpool & London & Globe, addressed the Fargo Lions Club at its meeting last week, talking on the St. Louis tornado.

## IN THE MISSOURI VALLEY

### WILL CONFER ON HAIL RATES

### Commissioner Baker of Kansas to Call Meeting of Stock and Mutual Companies

TOPEKA, Kan., Nov. 22.—A conference of the representatives of the Kansas farm organizations, mutual hail and stock hail men is to be called by Commissioner Baker about the middle of December to consider what should be done with the hail rates in this state. The date has not been definitely determined, but is expected to be some time the week of Dec. 12.

Several mutual companies have had to pro rate their losses and all of the stock companies have had such terrific losses this year that some of them are considering going out of the hail business in Kansas. There is considerable opposition against an increase in rates, yet Kansas enjoys lower hail rates than Colorado, Nebraska or Oklahoma and many companies assert they cannot continue business on the present schedules. None of the companies have had less than 80 percent losses, and some have gone up as high as 150 percent this year. The stock companies figure a normal expense of 35 to 37 per cent and the loss ratio for some years has exceeded 60 percent.

Mr. Baker determined to invite the representatives of the Farmers Union, Farm Bureau and the Grange into the conference, when the whole situation will be discussed and an effort made to arrive at some conclusion as to what is to be done with the hail situation in this state.

### New St. Louis Agency

ST. LOUIS, Nov. 23.—The insurance firm of Wharton & Yates, 814 Louderman building, has been formed by Charles P.

Mr. Thompson has recently returned from St. Louis, where he spent some time checking losses for his company.

### Milwaukee Lumber Loss

MILWAUKEE, Nov. 23.—Loss estimated at about \$100,000 was incurred last week when the lumber yard, sheds and buildings of the John Schroeder Lumber Co., at the foot of Walnut street, burned. Forty-nine companies were on the insurance which was general form, amounting to \$342,500. The Concordia Fire had the largest policy, \$15,000, while Royal was second with \$14,000. The others ranged downwards, with a number at \$10,000, and most at about \$4,000.

### Inspection of Waupaca

WAUPACA, WIS., Nov. 23.—The Wisconsin State Fire Prevention Association made 101 inspections last week, finding 64 defective buildings and 126 defects. The Waupaca Association of Commerce sponsored the inspection and Fire Chief Lewis took a very active part in it. Charles Hutchinson spoke to about 750 school children.

At the dinner meeting in the evening, with 100 in attendance, Judge Martin, president of the Association of Commerce, was toastmaster. Mayor Chandler welcomed the field men. G. A. Strassen, president of the fire prevention association, talked on the conditions which the field men found and suggested methods of remedying them. Mr. Hutchinson spoke on fire prevention.

The next inspection will be at Portage some time in January.

### Fire Prevention School Speakers

MILWAUKEE, Nov. 23.—Two prominent speakers known to the insurance world will address the third meeting of the Milwaukee fire prevention school Nov. 29. They will be Clarence Goldsmith, assistant chief engineer of the National Board, Chicago, and I. G. Hoagland, secretary of the National Automatic Sprinkler Association. Mr. Goldsmith will talk on "Standpipes for Fire Protection," and Mr. Hoagland on "Automatic Control of Fire."

## STATES OF THE NORTHWEST

### WELLER IS CHOSEN PRESIDENT CONSPIRACY CHARGES DENIED

### Annual Meeting of Insurers of South Dakota—Huron Is Permanent Meeting Place

HURON, S. D., Nov. 23.—The Insurers of South Dakota, the state association of local agents, held its annual meeting in this city and decided to make Huron the permanent meeting place of the organization. The South Dakota local agents feel that there

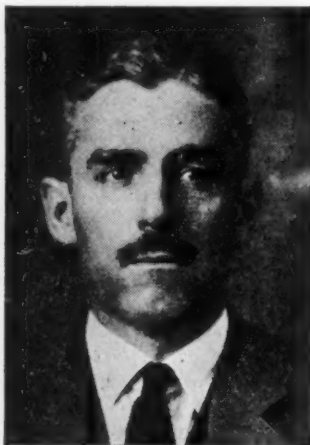
### Milwaukee Board Files Answer in Suit Brought Against It by Broude

MILWAUKEE, WIS., Nov. 23.—The Milwaukee Board, its officers and directors, defendants in a suit brought against them by Bert C. Broude of Milwaukee, who alleges there has been a conspiracy to keep him out of the fire underwriting business in Milwaukee, have filed an answer to his complaint through their attorneys, Roehr and Steinmetz, Milwaukee.

The answer states that the Milwaukee board does not maintain and has not maintained fire insurance rates as Broude charges. That Broude made application for membership in the Milwaukee board and paid or tendered the required fee and that such application was denied, is admitted by the defendants, but they state that such denial of application was pursuant to the constitution and by-laws of the corporation of the board, "of which constitution and by-laws the plaintiff had full knowledge prior to the filing of such application for membership."

The defendants stated that they had no knowledge or information as to the allegations made in Broude's complaint that the plaintiff entered into several insurance contracts and procured a license, nor of any action taken by any insurance companies or the insurance commissioner of Wisconsin concerning such contracts of license, and that they have no knowledge as to whether or not the insurance contracts, or any of them, or the license, referred to in his complaint have been cancelled.

The defendants, further, deny specifically that they agreed, concerted, or conspired together in any manner for the purpose of denying Broude membership in the Milwaukee board or for the purpose of interfering with his business in any manner or for the purpose of depriving him of the right to engage in the fire insurance business; and they deny that they attempted to procure and cause the cancellations of any or all contracts which the plaintiff procured, if any, permitting him to solicit fire in-



J. D. DUX  
Secretary South Dakota Insurers

should be some point in the central part of the state easy of access where all the conventions shall be held.

A. M. Weller of Mitchell was elected president, James P. Paulson of Tulare vice-president, and J. D. Dux of Sioux Falls, secretary and treasurer. D. J. O'Keeffe of Fort Wayne, Ind., who has been chairman of the casualty and surety committee of the National Association of Insurance Agents and is regional vice-president, represented the national body and made one of the chief addresses. Don C. Lewis, insurance commissioner, spoke on fire prevention. The organization went on record in favor of an agents' qualification law. H. Van Ruschen, an attorney at Salem, was appointed chairman of the legislative committee to work in its behalf.

Wharton and E. E. Yates. The agency will represent the Automobile and the Connecticut Fire. Mr. Wharton was formerly a partner in the Cole & Wharton agency, while Mr. Yates was a solicitor for the Travelers Fire.

Harry A. Wachter, 2011 South Broadway, has decided to enter the general insurance business as an individual. He has been appointed a No. 2 agent for the Home, Hartford, Aetna, Springfield, American Central, Northern, Firemen's and Phoenix of London.

Samuel Simon of 1424A Hodiamont avenue, formerly a solicitor for the Harkins-Eggert-Carroll Agency, has been appointed a No. 2 agent for the Minneapolis Fire & Marine. He will also handle other forms of insurance.

### Lyle Stephenson at Des Moines

DES MOINES, Nov. 23.—Lyle Stephenson of Kansas City was the principal speaker here this week before the Des Moines Advertising Club, taking as his subject "Insurance Advertising." A large delegation of both the Des Moines Life Underwriters Association and the Des Moines Fire Underwriters Association attended the meeting.

He declared insurance advertising is middle-age stuff, showing that while millions of dollars damage resulted from the recent St. Louis cyclone, tornado insurance coverage was less than 10 percent of the loss. He said in Kansas City, for example, insurance men make probably less than 2,000 contacts daily, in a population of 600,000 and that daily newspaper space is absolutely essential to agency advertising. He likened newspaper advertising to a steam shovel or cannon, terming pamphlets as a "toothpick and a popgun."

### Iowa Blue Goose Luncheon

DES MOINES, Nov. 23.—At the Monday luncheon of the Blue Goose, Ralph Moorhead, editor of the "Underwriters' Review," was the speaker. He gave an interesting description of his recent trip to Europe, having attended the American Legion gathering in Paris. Most Loyal

Gander Robert Osier presided. Members of the Blue Goose were out in force. Thanksgiving week will be a short one for the field men in covering their territory as most of them will spend the holiday and the remainder of the week at their homes.

#### Mutuals to Combat Arsonists

DES MOINES, Nov. 23.—At the annual meeting of the Iowa Association of Mutual Insurance Companies resolutions were passed to pay \$1,000 to any person, excepting peace officers, for information leading to the apprehension and conviction of a person committing arson on any property insured by member companies of the organization. Deputy State Fire Marshal Blake spoke on this subject and agreed to cooperate in the campaign against arson. State Fire Marshal Strohm was to have made the address, but became ill.

O. R. Sweeney, chemical engineer at Ames, spoke on causes of fire through spontaneous combustion and static electricity.

M. L. Smith of Fort Dodge was re-elected president and H. J. Rowe of Des Moines, secretary. L. E. Emmons, Cresco, was elected director of the national association, displacing Albert Osian of Stanton. J. Benda, secretary of the Washington County Mutual, was elected vice-president, taking the place of L. E. Emmons.

#### In Field for Ellis & Holland

H. G. Zimmerman has been appointed special agent for the Ellis & Holland general agency, for the south half of Iowa, succeeding Herbert M. Ramsay of Bedford, who died recently. Mr. Zimmerman was for five and one-half years assistant state fire marshal under Ole O. Roe and later was associated with the M. L. Dudley agency. For the last four years he has been with the Employers Mutual Casualty.

#### SOUTHWESTERN FIELD

#### BANK QUILTS INSURANCE FIELD

#### Withdrawal of Exchange Trust Company Regarded by Tulsa Agents as a Decided Victory

TULSA, OKLA., Nov. 23.—Announcement last week of the withdrawal from the insurance business by the Exchange Trust Company is regarded by the Tulsa Fire & Casualty Insurance Association as a victory in its campaign against the bank agencies. Recently the association filed charges with the insurance department against the Tulsa Trust Company, citing it with violating the bank agency law. A copy of the opinion was also shown the Exchange Trust Company and that company at a meeting last week of the board of directors decided to voluntarily withdraw from the insurance business. It has disposed of its insurance renewals to the firm of Pearce, Porter & Martin and Harry A. Stehr, who was manager of the insurance department, has been taken over by that agency.

It is also announced that the First Trust & Savings Company, which was contemplating the establishment of an insurance department, has decided definitely not to enter this branch of the business. This leaves only the Tulsa Trust Company in the bank agency field and the agents' association is confident that it will soon have eliminated this class of agents entirely.

#### SECRETARY WYLIE RESIGNS

#### Official Changes Announced by Republic of Dallas—A. P. Hundley Made Assistant Secretary

R. M. Wylie has resigned as secretary of the Republic of Dallas. He has been connected with the company for a number of years, first as special agent and for some time past as secretary in the home office.

Effective Dec. 1, Mr. Wylie will be associated with D. M. Pollard as special

#### Ignoring Sentiment

The home office men of the Eureka-Security take real pride in the success of the company's agents in the field. The agents' attainments are the home office men's attainments and the satisfaction gained by both has been bountiful. But ignoring sentiment and judging only from a cold dollars' and cents' standpoint—it pays—experience proves it and the Eureka-Security's experience extends over a period of six decades.

#### The 400

Every week over 400 business failures are reported in the United States. Just think—over 400! How many of these are due to under-insurance? Probably a great many. Insurance is the greatest credit stabilizer in existence! It is indispensable in the conservation of wealth and no agent should permit his clients to forget that fact.

#### Winter

The cold breath of winter has already sent us shivering to our overcoats. Winter means more than overcoats—it is the busy season for fires. It is the time when insurance agents should not only check the coverages of the members of his community but should also take the lead in promoting fire prevention.



A general view of gigantic fire which was caused by an explosion blow out of a chemical warehouse in New York's west side.

Many were injured and loss of life, threatening great damage and hours of fire fighting.

#### Costly for Someone!

This is the week of Thanksgiving. The Eureka-Security is indeed thankful for many things. Too much gratitude cannot be shown for the company's many friends and policyholders. Thanks are also offered for the sound wisdom which has guided the management through its long years. And last but not least, thanks are given for the splendid cooperation of the agents which has built the foundation of the Eureka-Security's success.

#### Thanksgiving

## Eureka-Security Fire & Marine Ins. Co.

22 Garfield Place - - - - - Cincinnati, Ohio

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The little vest-pocket companion which is  
**COMPLETE**—Rates for Public Liability, Property Damage, Collision, Fire and Theft at a glance all in one place.  
**CONVENIENT**—Fits the vest pocket without annoyance. New pages easily and quickly inserted.  
**TIMELY**—Revised pages issued promptly, not periodically, showing new information and changes; always up-to-date.  
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**ATTRACTIVE**—Pleasing and dignified in appearance. Has the substantial aspect of the bound book and the flexibility of the loose-leaf.  
**DURABLE**—Will not become soiled-looking and "dog-eared." Constructed to withstand unusually hard and constant usage.  
**ECONOMICAL**—Worth while savings effected in time and effort and at nominal cost.



cial agent in looking after the Netherlands and Great Lakes interests in Texas. Mr. Wylie is to make his headquarters in San Antonio and Mr. Pollard will continue as executive special agent, supervising the field from Beaumont.

Special Agent A. P. Hundley has been appointed assistant secretary of the company, to supervise agencies in north-west and west Texas. He has had a wide and varied experience in insurance work, as local agent, as rater with the State Fire Insurance Commission and as special agent and adjuster. Mr. Hundley has represented the Republic in the field for some time past.

R. W. Hendrix has been appointed special agent to succeed Mr. Hundley in the north central Texas field. Mr. Hendrix has had local agency and field experience, extending over a considerable period of years. His headquarters will be at Denton, Tex.

#### Loaning Money Not Doing Business

The Oklahoma attorney general has given the insurance commissioner an opinion relative to foreign insurance companies loaning money in the state, but not otherwise doing business. Under the Oklahoma insurance laws all foreign companies doing business in the state must comply with the law requiring license fees and other provisions. The attorney general holds, however, that loaning money in the state is not "doing business" as contemplated by the statute, and therefore foreign companies making loans are not required to pay the usual license fee, and comply with other provisions of the law governing insurance companies.

#### Bailey & Collins Life Company

Bailey & Collins of Dallas, operating the Fidelity Union Fire and Fidelity Union Casualty, are organizing a life company, with capital and surplus of \$125,000 each. It is probable Carr P. Collins will be chairman of the board and the other officers are not named in the letter addressed to stockholders of the other Fidelity Union companies, which offers stock at \$200 per share, and says the president will be one of the most successful business men of Dallas and the vice-president and agency director will be a young business man who has been in the life insurance business for 15 years and is particularly fitted for this branch of the work.

#### Reciprocal After Movie Business

OKLAHOMA CITY, Nov. 23—Interest of the Oklahoma Association of Insurers was aroused by an address made before a recent meeting of moving picture theater operators by a representative of the

Southern Underwriters of San Antonio, a reciprocal. A letter issued by secretary of the agents' association states that the speaker made a big play regarding the cost of insurance and said it could be reduced at least one-third, making the present rate, which he quoted at \$1.50, only \$1 if written by his concern. The reciprocal is not admitted into Oklahoma, but the speaker said a license would be applied for immediately.

The secretary urged a general fight on the proposition, contending that if the reciprocal takes all the theater business, a reciprocal can be organized to take all dry goods, hardware, grocery or any kind of business. He suggested that the matter be taken up at once with the local moving picture men, explained and their cooperation solicited. It is reported a committee was appointed to give this matter consideration and he recommends that the association appoint a similar committee to confer with the movie men and give the insurance men's side of the case.

#### Gives Cotton Insurance Figures

OKLAHOMA CITY, Nov. 23—Sam Morley, manager of the marketing exchange of the Oklahoma Cotton Growers Association, has informed the members that last year it cost only 7 cents a bale to insure their cotton for the entire season. Mr. Morley gave the members this information when he urged them not to haul their cotton home and store it there. The association has storage space in warehouses of its own, and carries insurance on the whole lot of cotton that may be stored there. This is why it can be obtained so cheaply to the individual. If the farmer takes his cotton home and insures it there the cost is considerable compared to that if placed in the association's warehouse, according to the manager of the organization.

#### Arkansas October Losses

LITTLE ROCK, ARK., Nov. 23—The total fire loss in Arkansas in October, according to figures compiled by the Arkansas Fire Prevention Bureau, was \$425,805 in 141 fires. Of these 69 were in dwellings, with loss of \$98,060. The largest single loss was \$100,000 from an explosion causing fire at a gasoline refinery at Eldorado. Losses on barns and contents, mercantile risks and cotton were decidedly heavy.

#### Urge Sole Agency Basis

TULSA, OKLA., Nov. 23—Aroused by the several additions in agency appointments in Tulsa since the authorization of multiple agencies by the insurance commissioner, the Tulsa Fire & Casualty Insurance Association, composed of 25 of the leading agencies which produce 90 percent of the business in the city, have adopted a resolution and forwarded it to the companies, urging upon them the maintenance of the sole agency basis. The resolution points out that the city has a population of 150,000 and there are approximately 50 experienced

agencies now operating. For some years they have been operating on a sole agency basis, due to a ruling of a former commissioner which prohibited multiple agencies. Not long ago, however, the attorney-general ruled that this former ruling was in error and since that time a number of appointments have been made and many more are imminent. The local agents point out that it is to the mutual benefit of the companies and the agents to maintain the sole agency idea. It should be a part of the program of "conference conciliation and cooperation."

#### Texas Blue Goose Activities

DALLAS, Nov. 23—Most Loyal Gander Erwin D. Stebbins has announced the personnel of the Texas Blue Goose initiation committee. Glenn T. Herndon, M. C. Brown, R. U. Wright and F. Gray Foy were named to do the honors in that connection during the present year.

Texas pond ganders last week enjoyed a treat of roast duck made possible by the good marksmanship of Mr. and Mrs. Charles R. Bullock in the vicinity of Dallas recently. Gander Bullock readily admits that Mrs. Bullock killed most of these ducks.

#### Re-rating for Marianna, Ark.

The Arkansas Fire Prevention Bureau has completed an inspection of conditions in Marianna for the purpose of reclassifying and re-rating the property for reduced insurance rates, the reduction having followed the passage of a series of ordinances in Marianna covering the construction of buildings and additions that have been made to the force and equipment of the fire department. It is stated that the new rate schedule will become effective Dec. 1.

#### Progress with Arson Squads

OKLAHOMA CITY, Nov. 23—Arson squads have been organized in 42 counties of Oklahoma, according to J. C. Scott, chief assistant to the state fire marshal. In all localities the greatest cooperation is being renewed by the workers, both among officials and citizens generally, he said. The work is under the direct supervision of E. T. Cooper.

#### Ask Receiver for Muskogee Mutual

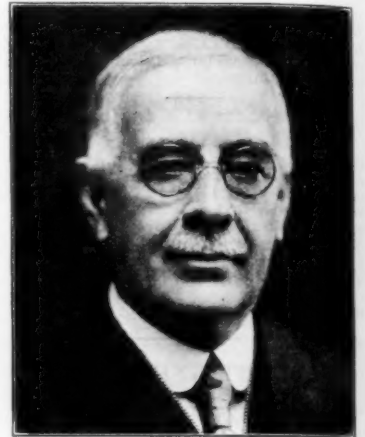
OKLAHOMA CITY, Nov. 23—Petition for a receiver for the Pioneer Mutual of Muskogee has been filed in the Muskogee county court. Filing the petition followed a visit to Muskogee by J. Berry King, assistant attorney general, who made an investigation of the status of the company. Mr. King said it is impossible for the Pioneer Mutual to be absorbed by another company because it is in arrears several thousand dollars. The company has been operating under a temporary permit granted in 1925, which permit will be revoked if no application is made for permanent charter, it is believed.

## SOUTHERN FIELD

### A. S. CALDWELL GIVES ADVICE

Tennessee Insurance Commissioner Gave Addresses at the State Association of Local Agents

Insurance Commissioner A. S. Caldwell of Tennessee in speaking before the Tennessee Association of Insurance Agents declared that the present agency qualification law in that state was not all that the agents desired. He said, however, that since the law went into effect he had cancelled or refused 167 licenses. Much influence is brought to bear, he declared, on the commissioner when he turns down applicants. He said plainly that he would be guided very much by the organized agents with regard to passing on applicants. He



A. S. CALDWELL  
Tennessee Insurance Commissioner

said that local boards have great influence in their community. Mr. Caldwell said that he would refuse to license any person that he considered dishonest. In referring to the Pennsylvania department's attitude toward licenses he declared that it was too drastic. In considerations of this kind he said that the commissioner must be fair and reasonable.

Mr. Caldwell thinks there is too much selfishness in the business. Insurance men should have an eye more for the good of the business as a whole. He

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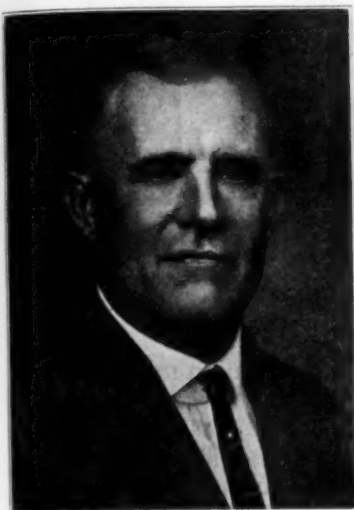
said there are practically 8,000 agents licensed in Tennessee. He stated that too many field men are appointing agents that should not be licensed. A man becomes a delinquent in paying balances and some companies withdraw from the agency. Others take him up immediately. He said that the field men should weed out the dead beats.

Commissioner Caldwell asserted very strongly that over insurance is today one of the chief causes of fire loss. He said that the agent should do more inspecting of property. Over insurance and non-inspection of risks, he said, contribute very much to the fire waste.

#### C. R. REED GIVES AN ADDRESS

Well Known LaFollette Local Agent  
Speaks Before Tennessee Association of Insurance Agents

Charles R. Reed of LaFollette, Tenn., former president of the Tennessee Association of Insurance Agents, in his talk



C. R. REED, LaFollette  
Former President Tennessee Association

before that body last week said that an insurance salesman must know his contract before he can intelligently present it. He declared that 75 percent of the agents are mere insurance peddlers. They do not know their business. They produce about 25 percent of the premium volume. Mr. Reed attributes the high expense and high loss ratios to the incompetent men in the business. Ultimately the public pays the fiddler. He said that unless the companies see to it that honest and competent agents are representing them the agency system itself will be in peril and furthermore he believes that the stock company plan will fail.

He said that in Tennessee rates have been doubled on many classes within the last few years. If the agents had been intelligent in selecting risks and educating their public he believes that this would not have been brought about. He sees state insurance in the air if this sort of thing continues. He said it is up to the companies to remedy the evil. They should eliminate incompetent and ignorant agents who render no service. Such men, he said, cannot justify their existence. Mr. Reed said that the local agent should be an insurance teacher and should cultivate his people along sane and fair lines. He declared that companies should not pay claims beyond the actual amount simply to get business and to cultivate favor. Mr. Reed is a strong believer in the valued policy law because he said that if an agent is honest in writing business he will not over-insure a risk.

#### Improved Situation Seen

RICHMOND, VA., Nov. 23.—The excess brokerage situation in this city, productive of no little trouble for the

past year or more, is gradually being ironed out, there being but one agency now that has failed to get into line. The expectation is that moral suasion now being exerted will be effective on it within a short time. The several offices that were formerly out of step have since joined the local exchange and are now paying regulation brokerage only. Altogether the existing condition, if not wholly satisfactory, is so much better than it has been that underwriters have ceased to worry over it and are grateful to those through whose efforts the present result has been brought about.

#### WANT THE OUTSIDERS IN

Members of the Chattanooga Board  
Appeal to the Field Men for  
Greater Cooperation

The members of the Chattanooga Board of Underwriters are bringing considerable pressure to bear on the field men to get outside agents in the city in the organization. There are two prominent agencies in the city that are not identified with the board, they being the Sol Moyses & Co. and the Llewellyn & Co. offices. Chattanooga sent a large delegation to the meeting of the Tennessee Association of Insurance Agents at Knoxville. The members called a meeting to which they invited the field men. The special agents were told that the two large agencies were paying commissions to life men and other part timers that should not be paid commissions. The assertion was made that this practice is unjust to the regular local agents. The Chattanooga Board members stated that the organization is now functioning successfully and has done much to improve practices in the city. If all the important agents were members the statement was made that Chattanooga insurance wise would be in a most excellent condition.

#### Richards Back in Tennessee

J. V. Richards, who in former years was a Tennessee field man, being special agent for the Connecticut Fire, has returned to the state and is travelling for the Hall & Benedict general agency of Nashville. Richards was a former underwriter in the old western department of the Connecticut. Later he became associate manager of its farm department in Chicago and later was located at Lexington, Ky., in charge of the farm district there.

#### Louisiana Situation Under Scrutiny

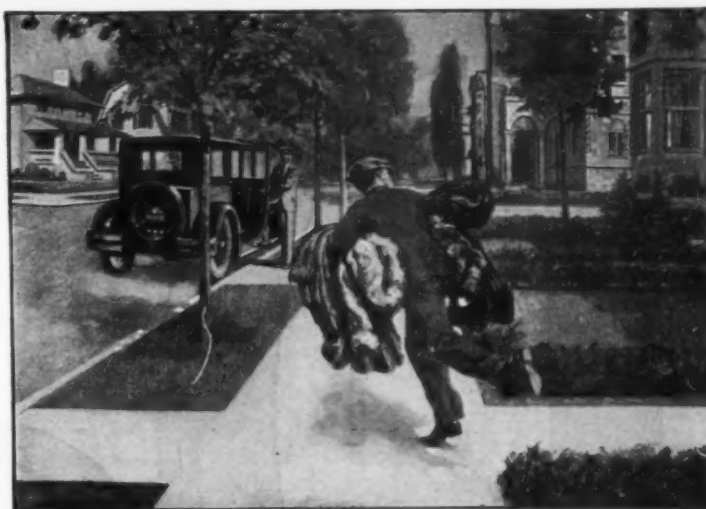
It was the sense of the conference of fire company officials at Pinchurst, N. C., last week, called to consider the Louisiana situation, that steps should be taken immediately to have the Louisiana insurance commission law clarified and its constitutionality settled by the courts. Some company officials always have doubted the constitutionality of the act, and certain features of it always have presented a puzzle as to their exact meaning. It was decided that the committee on laws of the National Board of Fire Underwriters be asked to obtain advice of its counsel as to the best method of accomplishing what the companies desire.

#### Name New Louisville Fire Chief

LOUISVILLE, Nov. 23.—The newly appointed board of safety has already announced selection of Capt. Joseph H. Adams, as chief of the fire department. He was an assistant chief prior to the upheaval last June, in which all heads were dismissed when a new political party secured control, only to be ousted in the November election. Chief Adams was assistant chief under Major Alex Bache, now retired.

#### Pay for Glasses, Arch Support

RICHMOND, VA., Nov. 23.—In removing furniture from a house in Richmond, when the roof caught fire from a defective flue, Hyman Bass, occupant of the dwelling, fell down the steps, breaking his glasses and an arch supporter in one



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(NOTE: The above insurance magazines would not accept our advertising until convinced that our plan of operation did not cause loss of business to local agents and brokers.)

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# Company

CHICAGO ILLINOIS



of his shoes. He presented a claim for \$25 to cover the loss of his glasses and the supporter. While the claim was a bit out of the ordinary, the company in which Mr. Bass had his household effects insured decided to pay it, agreeing that the articles involved could be classed as a part of the man's wearing apparel and that the loss could be construed as being incidental to the fire.

#### Insurance Scions Grid Stars

LOUISVILLE, Nov. 23.—The insurance business is fairly well represented on the football clubs of the two local high schools, which will again settle an old argument here on Thanksgiving.

William F. Booker of the Booker & Kinnaird Agency has an entry in William F. Booker, Jr., playing his second year on the squad of Male High. He has won his football letter. Roe A. Dawson, special agent for the New England Mutual Life, also has an entry on the Male High team in John L. Dawson, who has been on the team two years and has won two letters in sport. Bruce Hoblitzel, head of the Bruce Hoblitzel Co. agency, has a son, Bruce Hoblitzel, Jr., playing on the Manual High squad, it being his first year.

#### Urges Cooperation in Mississippi

CLARKSDALE, MISS., Nov. 23.—In a bulletin issued last week to all local agents in Mississippi, J. H. Johnson, president of the Mississippi Association of Insurance Agents, calls the attention of the members to the fire prevention work of the Mississippi State Rating Bureau, urging all to cooperate in this work. He points out that the bureau has extended its services to local agents,

property owners, architects and engineers, municipal officials and civic organizations and that the local agents can pry up their efforts in all of these, if they utilize the Bureau's services wherever possible.

#### Virginia Notes

The Sandy Hook flour mill near Shenandoah, Va., burned last week, with \$25,000 loss. The property was covered by \$12,000 insurance and was owned by Vernon M. Brumback. It was shut down at the time of the fire.

The Harper-Howard Insurance Agency of Portsmouth, Va., has been granted a charter of incorporation, with authorized maximum capital of \$5,000. This is a newly organized agency. Officers are: Charles F. Harper, president; James N. Howard, vice president; and Ernest A. Harper, secretary.

John W. Clark, secretary of the Continental, stopped off in Richmond for a day or two last week while on his way to Pinehurst, N. C., to attend a meeting of the S.E.U.A. He formerly traveled Virginia for the Fidelity-Phenix. While in Richmond, he was the guest of Philip F. Brown, Jr., Virginia special for the American Eagle.

Bryan E. Rayhorn, formerly office manager for Jefferson & Harvie, sole agents for the Hartford at Richmond, Va., is now manager of the insurance department of J. D. Carneal & Sons of that city.

#### Miscellaneous Notes

William Palmer, chairman of the board of the General Ice Cream Corporation and a member of the Buffalo legal firm of Palmer, Garono, Houck & Wickser, has been elected a director of the Buffalo.

The local agencies of Lipscomb & Co. and Erwin & Co. have been consolidated under the name of Lipscomb, Erwin & Co. at Athens, Ga.

meeting of the Thurston County Insurance Exchange at Olympia, Wash. Harry C. Coffman, president of the Insurance Agents' League of Washington, addressed the gathering. The officers elected for the forthcoming year were: Walter Draham, president; J. H. Brown, vice-president; Charlotte Algier, secretary-treasurer; G. H. Uhler and L. H. Hunter, executive committee.

Sixteen members are now on the rolls of the new exchange. No agent is eligible for membership unless he represents standard fire companies.

#### Seattle Exchange Meeting

SEATTLE, WASH., Nov. 23.—At the monthly meeting of the Seattle Insurance Exchange Dec. 13, a committee to nominate new officers will be chosen. Another talk on the operation of the Washington Surveying & Rating Bureau is scheduled, this time by Paul J. Braun. Tommy Evans spoke at the last meet-

ing. Both these men are connected with the bureau.

#### To Address Utah Agents

Percy S. W. Ramaden, secretary of the California Association of Insurance Agents, will speak before the Utah association at Salt Lake City, Dec. 10, at the invitation of the Utah agents.

#### Brokers' Candidates Named

SAN FRANCISCO, Nov. 23.—The following candidates have been named by the nominating committee of the Insurance Brokers' Exchange of San Francisco for election at the annual meeting to be held Dec. 14: Frank F. DeHlsle, president; Roy Bosworth Dempster, first vice-president; Fred W. Boole, Jr., second vice-president. Board of governors: Felton Taylor, Fred Braun and Burt L. Davis. Arbitration committee: Samuel D. Davis and Rolla B. Watt.

## IN THE MOUNTAIN FIELD

### DENVER REDUCTION LIKELY

Company Men Deny Making "Unreasonable Profit," but Are Willing for Fair Readjustment

DENVER, Nov. 23.—A reduction in Denver fire insurance rates probably will be put into effect in the near future, insurance men here predicted this week. This is the result of report of engineers of the National Board who recently made a survey of fire insurance conditions in Denver, Pueblo and Colorado Springs.

Jackson Cochrane, state insurance commissioner, announced this week he will hold an informal hearing next month to aid him in determination of the rate matter. Under the law, Mr. Cochrane has power to order a rate reduction, if he finds the companies are making unreasonable profits. He was asked to "bring about a reduction after a fair determination of the rate," in a letter from the Denver Chamber of Commerce.

Insurance men admit the experience

in Colorado has been good, but they deny there has been any unreasonable profit. They are not opposed to any fair and equitable reduction, they say. Several prominent insurance men, however, reiterated certain statements made by H. K. Dent, president of the General of Seattle, who spoke in Denver this week.

#### General to Enter Colorado

DENVER, Nov. 23.—The General of Seattle has decided to enter Colorado on the participating plan under which it is operating in Idaho, Oregon and Washington. This action by the company was expected because of considerable "ballyhoo" on the part of the Denver "Post" and its alleged expose of "exorbitant" fire rates here. H. K. Dent, president of the General, was invited to the city by F. G. Bonfils, publisher of the "Post." The "Evening News," a Scripps-Howard publication, has now entered the insurance fight against Bonfils, suggesting that the vitriolic attack of the "Post" on insurance rates at the advent of the new company was but a pretext for Bonfils to enter the insurance business, in addition to his many other interests.

## ON THE PACIFIC COAST

### MUCH BUSINESS DISPATCHED

Executive Committee of the California Association of Insurance Agents Hold Meeting

Cooperation with those offices cooperating with the agents of the state was the keynote of the first meeting of the new executive committee of the California Association of Insurance Agents held in Fresno Nov. 20. It is planned to urge the local agents in the different communities to see that proper representation is given these cooperating offices. The executive committee is also urging association members to live up to the rules one and three of the national conference agreement regarding not-taken policies and extension of credit. An intensive membership campaign was mapped out to be conducted under the direction of the members of the executive committee in their articular territories.

Plans are also being made to hold a meeting with company representatives in the near future, looking toward the drafting of an agency qualification measure for presentation at the next legislature, in accordance with the suggestion of Governor Young and Commissioner Detrick.

Another important action taken was naming the entire executive committee to act as the public relations committee in the campaign outlined in the statement of principles adopted at the recent convention. Action was taken to reduce the maximum annual dues from \$150 to \$50. No change was made in the minimum dues of \$15. The dues are graded between these two figures according to amount of business written by the members. Other steps taken were authorization to take up with the Veterans' Welfare Board the matter of short-rate cancellation of policies on property coming within the board's control; setting forth of definition of what local board unit is in accordance with the resolution of the convention and appointment of the conference, bulletin control and fire prevention committees. It is also planned to request the Pacific Board to notify all agents whenever there is an increase or decrease in classification, giving the agents the reason for such action so they may intel-

ligently explain the change to policyholders.

At the meeting, which was an all-day session, attended by all members of the new executive committee with the exception of Percy Goodwin, other matters relating to future activities were discussed at length, including the Bank of Italy situation.

#### Approve Brandt Appointment

SAN FRANCISCO, Nov. 23.—The appointment of W. B. Brandt & Co. as Pacific Coast general agents for the Century has been approved by the Pacific Board. While there has been a question as to the legality of this appointment, due to Rule 9 of the Pacific Board prohibiting the appointment of brokers as general agents, the executive committee has approved the appointment, due to the fact that Brandt & Co. have acted as brokers for fire business only, being general agents for other lines and United States managers for the all-risk department of the Commercial Union. It is understood that Brandt & Co. intend to dispose of the brokerage business covering fire lines.

#### Delay Bakersfield Action

SAN FRANCISCO, Nov. 23.—Action is being delayed by the Pacific Board regarding placing in effect the "three-quarters value clause" on fire policies issued on property in Bakersfield until a conference can be had with the local agents in that territory. The time limit for placing this clause in effect was up Nov. 10, but it was thought advisable to hold such a conference before insisting upon use of the clause. The requirement of this clause was brought about by the lack of cooperation of city officials in prosecuting those guilty of incendiarism and a generally bad fire condition.

#### Fireman's Fund Entertainment

SAN FRANCISCO, Nov. 23.—A dance and entertainment entitled "A Night in Hollywood" was held by the "Fireman's Fund Family" and their friends last week when talent was furnished by members of the company's home office staff. Vice-President John Marshall, Jr., with Mrs. Marshall and daughter and Assistant Secretary Frank White, acted as hosts and hostesses.

#### Olympia Board Elects

Adoption of a code of by-laws, constitution and election of officers was the program carried out at the first

## NEWS FROM EASTERN FIELD

### REPEAT FORMER RESOLUTION

Directors of Pennsylvania Association Meet and Re-state Objections to Non-Policy Writing Agents

Directors of the Pennsylvania Association of Insurance Agents held a meeting at Harrisburg last Friday which all the officers attended. There were 14 directors present and the session lasted all day. Two resolutions regarded as of great importance were adopted and promulgated.

The first resolution commends Commissioner Taggart upon his departmental ruling as to qualification of agents and also calls upon the members of the association and all insurance men to give their unqualified support to Mr. Taggart on his stand.

The other resolution reaffirms the position taken at the last annual meeting of the association against non-policy writing agents. The resolution declares there is no demand or need for other than recording agents and brokers and protests against company recognition of the non-policy writing class. The resolution also protests against any interpretation of the agreement of the Travelers entered into at New Orleans that is at variance with the stand of the agents.

Andrew O. Hellstrom, an insurance agent living in Worcester, Mass., was arrested Thursday on charges that he was acting as an agent for a British insurance company not licensed in Massachusetts, in violation of the insurance law of the state.

### NEW ENGLAND BUREAU MEETS

Report of Manager Gorham Dana Reviews Fire Situation of Past Year

BOSTON, Nov. 22.—The annual meeting of the Underwriters Bureau of New England was held here last week. Manager Gorham Dana presented his annual report, stating that during the year the bureau had entered into a group insurance contract and that a large majority of the employees had taken advantage of it. The bureau, which inspects manufacturing and specialized risks in New England, increased the number of plants under regular inspection about 500 during the year, making a total of 8,792 at the end of the year. The total number of reports made by the 33 regular engineers and the supervising force was 20,154. A total of 846 fire reports was issued, of which 687 were on sprinklered plants. The total amount of loss in these fires was \$2,214,000, or an average of \$3,222 per fire in sprinklered plants, which is about normal. The loss in plants not equipped with sprinklers was \$1,234,000, or an average of \$8,813 per fire which is far below the normal.

The number of fires due to smoking and matches was 155 and this as usual was far ahead of any one cause. The smoking habit of the American people is probably responsible for nearly a quarter of the \$500,000,000 annual fire loss and cigarettes are responsible for most of this, said Manager Dana's re-

(CONTINUED ON PAGE 31)

# The National Underwriter

THIRTY-FIRST YEAR  
NUMBER 47

CHICAGO, CINCINNATI AND NEW YORK, THURSDAY, NOVEMBER 24, 1927

Office of Publication, 175 W. Jackson Boulevard, Chicago, Illinois

TENNESSEE LOCAL  
AGENTS NUMBER

## Tennessee Agents Hold Live Meeting

Notable Addresses Feature Annual Convention at Knoxville;  
George A. Caldwell Is Elected President for Coming Year

### NEW OFFICERS ELECTED

#### PRESIDENT

George A. Caldwell, Knoxville

#### SECRETARY-TREASURER

Miss Julia Hindman, Nashville

#### VICE-PRESIDENTS

W. I. Edwards, Nashville; H. C. Channell, Franklin; Hart M. Caldwell, Clarksville; E. C. Banning, Memphis; H. W. Spencer, Chattanooga; E. B. Thoma, Tullahoma; Frank Rutledge, Etowah; A. V. Patton, Jackson; Howell A. Bransford, Union City; W. M. Harris, Johnson City; L. M. Ross, Gallatin.

Place of next meeting—Chattanooga.

### Caldwell Is New President

GEORGE A. CALDWELL of Knoxville, vice-president of N. F. Flenniken & Co. of that city, was elected president of the Tennessee Association of Insurance Agents at its annual meeting. He is one of the younger men in the ranks who has rapidly come to the front in insurance work. He gives his time largely to workmen's compensation insurance and surety bonds. Mr. Caldwell is a lawyer. He practiced at Kingsport. He is a native of Bristol. He became adjuster for the Aetna Life and affiliated companies in eastern Tennessee. He made a success of his claim work but desired to get into the production side of the business. He has been associated with Mr. Flenniken for four years. He is now president of the Knoxville Insurance Exchange and as such was head of the local contingent during the convention this week.

One of the pleasing features of his installation in office was the fact that Mr. Flenniken escorted him to the president's chair and in a very gracious way introduced him to the members. The Tennessee association under his guidance will continue its splendid work.

### Good Work Has Been Done by President Frierson

Too much cannot be said for the retiring president, Albert Frierson of Shelbyville, who has been head of the organization for two years. He was formerly in the field representing the Phoenix of Hartford. Therefore he has the company viewpoint as well as that

### "Miss Julia" Was Late

MISS JULIA HINDMAN of Nashville, secretary of the Tennessee Association of Insurance Agents, occupies a unique position in agency insurance organized work because she is the foremost woman state secretary in the country. "Miss Julia," as she is familiarly known practically guides the Tennessee association and engineers its activities. If the power of Miss Julia were doubted before, there was no lacking of its evidence at the Knoxville convention of the Tennessee agents. The first session was scheduled for Thursday morning at the Elks Club. President Alfred Frierson and his doughty cohorts from Knoxville and numerous other points were on hand. Word was received that the train bearing the Nashville and Memphis contingent, which included Miss Julia was three hours late, because of a wreck of another train in front of it near Chattanooga.

### Miss Julia Hall All the Important Documents

Miss Julia carried, so it is claimed, in her portfolio the response to the address of welcome, the president's address, the reports of all the committees, the fireworks, the agenda and some of the speeches that were to be delivered. Report had it that she wrote all of these. President Frierson sat at the head table in a disconsolate mood not knowing which way to turn. The members had gathered for the meeting. The ice water was brought to the speaker's desk, the newspaper men were at the

press table and the machinery was ready to go but the engineer had not arrived. President Frierson announced that because Miss Julia was not on hand, there would be no morning meeting. The two sessions were therefore crowded into one starting in the afternoon.

### Two Sessions Crowded Into Single Meeting

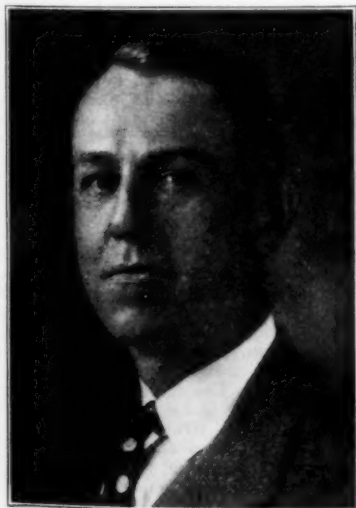
Rev. Samuel M. Glasgow spoke the invocation. Mayor James A. Fowler expressed the welcome and Lee Fox of Murphysboro responded. President Frierson gave his annual address and did not refer to his manuscript. This was a refreshing experience. He is a thinker and in handling the meetings, he has shown splendid ability. His introductions were of a humorous nature and kept the convention well keyed up. Miss Hindman briefly reported as to the

state of the organization, financially and otherwise. H. Phelps Smith, chairman of the fire executive committee, read his report. Mr. Smith is a former president and is one of the strong men of the association.

### E. R. Lutz Reported for the Casualty Committee

E. R. Lutz of Nashville gave a brief report for the casualty executive committee. He referred to the increase in compensation rates in the state due to the amended laws and the recalculation of experience. Mr. Lutz called attention to the immense growth in the casualty business stating that it is leaping ahead rapidly. He declared that if the agents were more diligent in getting people to insure their automobiles there would not be so much talk of compulsory automobile insurance.

(CONTINUED ON PAGE 50)



GEORGE A. CALDWELL, Knoxville  
New President Tennessee Association



ALBERT FRIERSON, Shelbyville  
Retiring President Tennessee Association



MISS JULIA HINDMAN, Nashville  
Secretary Tennessee Association



H. PHELPS SMITH, Nashville  
Chairman Executive Committee



of the local agent. He is a partner in one of the oldest agencies in the state. Mr. Frierson possesses a subtle sense of humor which bursts forth spontaneously now and then, giving him a healthy outlook on life. In presiding over the deliberations of the Tennessee association he kept the machinery moving and interspersed the proceedings with sprightly comment and delightful wit. He is popular with the members and has done yeoman's service.

#### "Miss Julia" Wields the Real Guiding Hand

Down there in Tennessee Miss Julia Hindman is held in the highest esteem. There is no question when it comes to the annual election who will be the secretary and treasurer. Miss Julia has attended most of the national conventions. Her heart is in the work and her office is conducted with business ability.

The Tennessee Association of Insurance Agents possesses as members a body of people who are remarkably strong local agents. The organization has accomplished much. It is a harmonizing influence in the state. The annual conventions are always a great interest and help.

#### Formidable Array on the Banquet Program

The banquet was a decidedly interesting and entertaining feature, the professional talent being furnished by the Knoxville local agents. H. Phelps Smith of Nashville, who is always a refreshing and versatile toastmaster, presided. The speakers were: Miss Julia Hindman, secretary Tennessee association; Albert Frierson of Shelbyville, president Tennessee association; Manager F. E. Quackenboss, Tennessee Inspection Bureau; Raymond Daniel, Atlanta, "Insurance Field;" Insurance Commissioner A. S. Caldwell of Tennessee; J. A. Giberson of Alton, Ill.; R. P. Barbour, United States manager Northern of England; F. P. Stanley, vice-president Glen Falls Indemnity, and C. M. Cartwright of THE NATIONAL UNDERWRITER.

#### Audit Bureau Represented

John F. Lee of Nashville, manager of the Tennessee Audit Bureau, was present at the convention. He prepared some permits and clauses that were used at the banquet. He also had correction slips following out the usual order of the bureau but all having some special reference to the banquet. These slips were promulgated by the "Tennessee Audont Bureau."

#### Brady Attended Meeting

John J. Brady of Nashville, who was formerly connected with the P. H. Hicks Company of that city, but has become resident vice-president and state manager of the National Surety, was present at the Knoxville convention and was introduced to the audience. Mr. Brady has had an extended career in the surety field.

#### Convention Committee

The nominating committee consisted of Walter B. Bell, Bells, chairman, L. T. Fite, Murphysboro, and H. M. Simmons, Knoxville. The resolutions committee was composed of: George A. Caldwell, Knoxville, chairman; W. M. Harris, Johnson City; L. Y. Mason, Memphis; C. B. H. Loventhal, Nashville, and H. P. Webb, Milan. The auditing committee of: Stanley Lachman, Chattanooga, chairman; John N. Acuff, Knoxville, and W. I. Edwards, Nashville.

When J. A. Giberson of Alton, Ill., registered, the registrar put Altoona, Pa., on his badge. President Frierson in introducing him said he must be maintaining two establishments.

## RESOLUTIONS ADOPTED

We express our deep appreciation to James A. Fowler, mayor of Knoxville, for his warm words of welcome to this meeting. Also to R. P. Barbour, United States manager of the Northern Assurance; F. P. Stanley, vice-president Glens Falls Indemnity; J. A. Giberson, Alton, Ill., representing the National Association of Insurance Agents, for their attendance and instructive addresses, which have been pronounced as the most valuable contributions ever presented to an insurance convention.

\* \* \*

We extend our congratulations to Tennessee in the reappointment of A. S. Caldwell as commissioner of insurance. We wish to thank him for his attendance in this convention and for his very timely remarks on improving the conditions as to representatives of companies, tending to raise the standards and improve generally conditions affecting the insuring public.

\* \* \*

We urge county boards to be organized wherever possible and that the incoming vice-presidents be instructed by letter to take active steps to place this into effect; hoping that in this way we may secure more general cooperation between local agents operating in the same county.

\* \* \*

The necessity of increased funds for the operation of our association having been presented, and whereas it is believed that the present dues as apportioned according to the scale of premiums reported by each agency, it is urged that members review the amounts now being paid based on their total premium receipts and adjust their new dues to their present volume of fire and casualty premiums.

\* \* \*

That we urge the members to take an active interest in the election of representatives and senators to the state legislature meeting in January, 1929, so that the latter will be advised of the conditions so vital to the welfare of the insuring public with the view of moulding the impressions of such legislators as to enable them to best serve their constituents in matters pertaining to insurance legislation.

\* \* \*

That we urge each member of the state and National association to use the emblem provided by the National association on their stationery and in their advertisements and also the use of the copyrighted word "Insuror." We warn non-member agents against any infringement on the use of these association privileges.

\* \* \*

That we disapprove of the practice of any agent member of the association representing stock, fire, and casualty insurance companies in conjunction with any mutual or reciprocal company or association. We again express our loyalty to those stock companies that have stood by us in the fight for right principles and practices.

\* \* \*

That we recommend to the association the active co-operation of the members in the five-year development program of the National association, which contemplates an increase in the strength, influence and prestige of the National association to resist encroachments on the American agency system, to advance the interests of all members as well as agency organizations, to remove public prejudice and sales resistance against insurance and to contribute to the public service of the business.

\* \* \*

We again wish to express our thanks to the state and special agents for their help and assistance in urging local agents which they visit throughout the state that it is to the best interest of such agents to be a member of the state and National association and also encourage them to become a member of the local board if there be one in the county in which they live. We express the hope, however, that these friends of the association will view with alarm the increase in the number of agents and endeavor to reduce their numbers to the lowest possible degree consistent with the rendering of proper service to the public. We also wish to thank them for full attendance and assistance in this meeting.

\* \* \*

Realizing that to become qualified as an insurance agent requires training and education, it is pleasing to note that some of the universities of the state are creating departments in which insurance in its various forms are being taught and we commend the further extension of this splendid movement in our state colleges.

\* \* \*

We desire to express our thanks to F. B. Quackenboss, manager of the Tennessee Inspection Bureau for his ever-ready cooperation and interest in our association and for the attendance of himself and staff at our meeting. We also wish to thank J. F. Lee of the Tennessee Audit Bureau for his efficient assistance in our work and for attendance with us in our meeting.

\* \* \*

That the Knoxville Board of Underwriters be congratulated and thanked for their most excellent arrangements, hospitality, and delightful entertainment afforded the convention.

#### Report of Public Relations Committee

Charles B. H. Loventhal, chairman of the public relations committee of the Tennessee association, in his report said: "Most of the activities of the public relations committee took place after the last annual meeting and prior to the convening of the legislature and during its sessions. An all day meeting was held at which over 20 were in attendance. After discussing various matters pertaining to the need of additional legislation on fire and casualty insurance, no definite new legislation was recom-

mended, although many expressed the opinion that the large number of new agents being appointed by the fire insurance companies was largely responsible for the present unsatisfactory condition of the business in the state; that such a condition, to a large extent, has not improved the service rendered to the insuring public, but, on the other hand, has lowered the standard of agency representation and pride of those in the business, who have made it their life work and attempted bringing insurance to the standard of a profession. It was believed by many that the unsatisfactory loss ratio of the state has been increased by the indiscriminate appointment of

agents eager for commissions with no experience in valuations of stocks, or buildings, or of the physical condition of risks insured.

"Commissioner A. S. Caldwell expressed himself as being opposed to the appointment of agents who have not, by experience or training, fitted themselves for this business, or who have previously been in the business, but have demonstrated that their character, honesty and integrity are questionable. Commissioner Caldwell pledged his hearty support of the agency qualification law passed at the previous session of the legislature and regretted that it was not strong enough to accomplish all that is necessary to improve the present deplorable condition. The committee at this time desires to congratulate the state on its recognition of the splendid worth of Mr. Caldwell as insurance commissioner, evidenced by his reappointment."

The balance of the report was devoted to an analysis of the legislative proposals considered during the year, chiefly the automobile compulsory law, which was killed at the last session of the legislature, this committee being active in the campaign against it.

#### Tennessee Bureau Men In Attendance

Manager F. E. Quackenboss of the Tennessee Inspection Bureau always has the chief members of his staff on hand at the annual meetings of the Tennessee agency association. Mr. Quackenboss spoke at the banquet and he and his men were present at the business sessions. His associates at the meeting were: C. B. Norred of Nashville, superintendent of the service and engineering department; C. F. Taylor of Nashville, assistant manager of the bureau; C. F. McLaughlin, manager Nashville branch office; Andrew Jackson Wild, Jr., manager Johnson City; C. M. Richardson, manager Jackson; J. H. Norton, manager Memphis; Ira P. Jones, 3rd manager Chattanooga; C. D. Beardsley, manager at Knoxville.

#### Field Club Greetings

H. P. North, special agent for the Springfield Fire & Marine in Tennessee, representing the Field Club, gave the Tennessee local agents a message from the field men. Mr. North told of the tremendous possibilities now available for wide awake agents, especially through the continuous addition of new lines covering insurable interests heretofore unnoticed. He asked the sympathetic cooperation of the agents in certain underwriting readjustments, notably the restriction of the reinsurance market due to an unprofitable experience in the past two years.

Mr. North suggested that the agents could become a great aid to their companies and improve the underwriting basis of the business by honestly checking the business of a borderline or substandard nature which they present to their companies. If the agent could truthfully say that he would pass a risk, if he were a special agent or company examiner, then it is fair to present it to the company. Otherwise, it is unfair for the local agent to ask the company to write the risk. Mr. North said that mutual profit can be secured by a wider use of the assistance offered by company special agents and a closer unified effort would be of great benefit to the business at this time. He spoke of agency balances as still a bothersome question and urged the agents to do all within their power to eliminate this handicap. The important part the agent could play in local fire prevention efforts was also stressed. He closed with an appeal for a wider membership in the state association, urging both the local agents and field men to exert every influence possible to bring into membership those who are not now enrolled.

## J. A. Giberson Touches on Many Important Agency Problems

J. A. GIBERSON of Alton, Ill., spoke for the National Association of Insurance Agents before the Tennessee Association of Insurance Agents. He said that every agent should have enough employees in his office so that real service can be given.

In referring to the national organization he said that at the time of the New Orleans meeting all states but two had paid their financial obligations to the national office. These owed \$800. He said that it will be the policy of the National association to show a 10 percent membership increase each year. High pressure membership campaigns have brought in a number of new members but the mortality has been severe. The state organization will be urged to organize more local boards. The local board, he said, nowadays is almost necessary owing to the conference agreement with the National Board whereby the local board decides whether the appointment of a financial institution as an agent in its community is detrimental.



J. A. GIBERSON, Alton, Ill.  
Representing National Association

The local board can make its protest. Mr. Giberson said that since the conference agreement went into effect no bank appointment had been made over the protest of a local board.

### Says Many Banks Were Financially Involved

Mr. Giberson said that companies have declared that they favor banks as agents because they pay their balances promptly. Yet he said that during the last six years one out of every eight had failed, there having been 3,800 such failures. Many of them represented insurance companies. Mr. Giberson declared that a bank that goes into other lines of business than what is normally its functions becomes a jack of all trades and weakens itself as a financial institution.

Mr. Giberson spoke in favor of all insurance carriers being on the same basis so far as reserves are concerned. He said that reciprocals and mutuals are favored in this respect. Their financial structure is never as sound as that of stock companies because the requirements of them are less. He criticized stock companies for allowing reciprocals and mutuals to have the benefit of their rating bureaus, adjustment offices and so on.

### Agents Get Benefits Without Paying for Them

Mr. Giberson called attention to the benefits of the agency associations. He said that thousands of local agents have

received the benefits of the organizations and yet have not contributed a single cent. In referring to the agreement with the Travelers Fire he said the essential point to remember is the fact that that company offered to settle any difficulties arising in the future over the conference table with the National association. This he said is a big step for it.

Mr. Giberson declared that there is a place in every community for an automobile club. All agents should join and be prominent in it. Such a club, however, he said should not engage in any line of business foreign to the functions regularly assigned to such an organization. There is no reason why any club should go into the insurance business. If the local agency members are active, he said, they can keep it out of insurance.

### Automobile Drivers Should Be Licensed

Mr. Giberson said that he believes in licensing automobile drivers. They should be given a card and be required to report every accident. If a driver has three accidents his license should be revoked for a stipulated period. Mr. Giberson explained the standard identification certificate brought out by the National Association of Insurance Agents to be given automobile assureds by members so that the holder can secure service in case of loss or accident anywhere in the country from a member of the National Association of Insurance Agents.

Mr. Giberson criticized the states for collecting so large a sum of money from insurance companies and using but a small part for supervision. In talking of the proposed agency contract that has been approved by the Western Union, he said that he is in favor of a contract and for the most part is agreeable to the document presented by the Union. He objected, however, to the clause governing expirations on death of an agent. He said that an agency on the death of the owner should go to the estate or heirs without any string attached to it. He said the agents would ask for a fair and equitable contract.

Mr. Giberson in talking about the co-insurance clause said that he had taken off more such clauses than he had put on. If an assured knows what his replacement value is less depreciation he should have the co-insurance clause. If he does not then he said the clause is to his detriment. He should pay a higher rate and not have the clause.

### Knoxville Agents Were Most Generous Hosts

The Knoxville Insurance Exchange acted as official host and did a splendid job. The entertainment committee was in evidence at all times. The Knoxville agents employed a newspaper man to cover the convention and submit stories to the daily papers. As a result the papers gave much publicity to the meeting. H. G. McMillan engineered the publicity proceedings. The members of the Knoxville Exchange are as follows: John N. Acuff Co., John M. Allen, Jr., Hop Bailey Co., Baird Insurance Agency, J. F. & W. G. Brownlow, Doll & Carringer, M. F. Flenniken & Co., Jas. Gleason & Son, Hazen, Lindsay & Carroll, Hickman, Johnson & Simmonds, J. E. Lutz & Co., W. K. McClure & Co., Roger McGuire, Alex McMillan Co., McMillan & Klein, Frank A. McSpadden, Maynard & McMillan, C. A. Morse, Mynderse-Carringer & Co., Marcus F. Nickerson, Parker-Flenniken-Claiborne, Pressly Agency and Roger Van Gilder.

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T. Graham Hall

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Virginia Fire & Marine Insurance Company of Richmond

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# Menace of Non-Policy-Writing Agents

By **ALBERT FRIERSON**  
President, Tennessee Association

**W**ITH influences, visible and invisible, injecting their insidious ideas and new thoughts into the minds of the company managers, seeking to show them how easy it would be to eliminate the local agent and destroy the American agency system, the absolute indifference of the average local agent is the wonder of wonders. It is difficult to understand why more of the agents do not respond to the "S. O. S." call of the few who have the vision to foretell coming events in this business of ours.

## Agents Have Been Guiding Force

In the past much misunderstanding has arisen between the insurance companies and the insuring public. The companies made mistakes in refusing to take the public in their confidence. The public made the mistake in demanding the wrong kind of insurance regulation. And the agent with the office has to a large extent put an end to this situation. For the insuring public knows the company only through the agent, and I might add the company is judged by the office and local standing of its agent.

There will be no progress for insurance in the right direction, while the attempt is made to eliminate the agent with the office. It has been proven time and again, and proclaimed aloud by the more intelligent company managers, that the services of the local agent are an indispensable factor in the distribution of insurance to the public.

It should not be a difficult matter for the companies and local agents in a spirit of mutual concession to join with each other in a program of policies be-

hind which they can consistently unite.

You cannot teach the aggressive, intelligent agent to lie down without a fight. And he has said through his national and state organization—fight. If there is disloyalty in our ranks, it should be met with the firm hand of stern repression. If we fail to do this, then there is loosed a force which can not be controlled. Its continued abuse can only end in the complete collapse of the American agency system.

The control of the smaller companies is rapidly passing into the hands of the larger ones and the establishment of branch offices in the large cities with some of these group companies will naturally follow and with it the non-policy writing agent.

## Non-Policy-Writing Agents a Menace

If the companies want non-policy writing agents, then those of us who are willing to forget past teaching, past traditions, the pride we had in representation of certain companies, to whose sign on the office wall we could show our customer and say, "strong as Gibraltar," if we can forget the lessons taught us by former company managers, whose master minds created the present organizations, who were underwriters, not promoters and would have considered themselves disgraced, had they been forced to yield the underwriting scepter to financial end of office; if we can forget these things, then maybe we can swallow our pride and become non-policy-writing agents, street corner vendors

and carnival barkers for the sale of insurance.

Or, better still, if we want to adopt the plan advocated by some of the companies, we can abolish our offices, hire a "rubberneck wagon," get us a megaphone and cry aloud in the words of the street vendor: "Step up, ladies and gents, with every pair of 'step-ins' you buy we will give you an application for insurance and you can have the policy written at the next corner." When the special agent comes to see us he must look for his non-policy-writing agent in the cornfields, at the factory loom, on the street gang and other out-of-the-way places.

## Agent Has a Right To Demand Principles

Why should we local agents spend our time and money boosting a company, building for them a large premium income, introduce them to our insuring public and over night be wiped off the map with the illegitimate non-policy writing agent.

The local agent with the office has the right to demand of the company that it will establish a positive underwriting practice and adhere to it and not constantly threaten some radical change. Under the present threat, what inducement has an agent to spend his good money for an office, a capable office force, and say to the insuring public: "I represent a company, the best on earth; when you want insurance, come to the local home of this company—my office." Just remember one thing, Mr.

Company Manager, before you shoot the non-policy-writing agent at us and inflict him on a long-suffering public, the local agent is your creator and the American agency system has been the ladder you have used to attain your present dizzy height. If you kill the goose that lays the golden egg, you will be years and years training another goose, and then maybe the golden egg will turn to ashes in your mouth."

## Secretary's Report

In her annual report as secretary of the Tennessee association, Miss Julia Hindman told of the additions in town representation throughout the state during the past year, though referring to some of the good towns that are still without the fold and should be brought in by the active members. She gave a word of praise for the special agents in the state who have shown a deep interest in the organization and helped in its work. Miss Hindman referred to the five year campaign for increased membership which the National association is putting on and which local boards are expected to aid in every way possible. She said that it should prove an educational campaign as well as a membership campaign, for when organization is once understood by an insurance man, he becomes a willing cooperative individual. Miss Hindman stated that in addition to local boards being organized in every town throughout the state she hoped that each county seat would have a county board for agents to go for information, support in good practices and such other matters as arise in the business.

**Support your organizations—**

**They are trying to help you—**

**They need your undivided assistance.**

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Have a Fire Tonight!**

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## The KNOXVILLE Board of Underwriters

wish to express their appreciation to the National Underwriter for its co-operation and assistance in connection with the State Association Meeting held at Knoxville, Tennessee, November 17th and 18th.

••••

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## Constructive Suggestions as To Greater Service by Agents

By **ROBERT P. BARBOUR**  
United States Manager Northern Assurance

**T**HERE is a spirit of cooperation abroad in the land which gives me courage to speak frankly regarding certain aspects of our business and to suggest ways in which you can render a distinct service to the institution of insurance. Let me point out that agents and brokers are just as much a part of that institution as the companies and have as outstanding a responsibility for the carrying on of its operations in such manner as to merit the respect and approval of reasonable men.

You live and do business in a state in which the loss ratio for many years has been abnormally high. Figures taken from "Fire Insurance by States," show that the average fire loss ratio of the United States as a whole for the five years ending 1926 was 54.5; for Tennessee during the same period it was 65.6.

### Seek Cause for High Loss in Tennessee

What is the cause of this record? Are your buildings poorly constructed? Is there something inherent in materials or workmanship that makes them ready prey to fire? Are your heating and lighting arrangements bad? Are your climatic conditions unfavorable? Is the water supply of your cities and towns inadequate? Are your fire departments inefficient?

Or is it moral or temperamental hazard? Have you more crooks within your borders? Are your people more careless in their nature than the average, so that common hazards are exaggerated and thus develop greater potentialities for fire? Are the companies, or the fire insurance agents of this great commonwealth, so careless of their trust or so greedy for business that they knowingly over-insure property or issue policies to those known to be unprincipled and unworthy of confidence? Do they encourage improper claims, or the collection of sums greater than the actual loss?

I do not believe that any of these things are true.

### Agents Must Now Inspect the Buildings Insured

Is there then something in your laws or in the administration of your courts that contributes to this unfortunate record?

For many years you have had in force a valued policy law applicable to buildings and certain other property. Such a law is wrong in principle, for it violates the fundamental of insurance, which is indemnity. Your legislature in 1927 very wisely repealed this law, but that repeal had a string to it, for it provided as to buildings that the existing insurance thereon is to be considered the value of the building unless inspected within 90 days after issuance of policy and a fair value placed thereon. Therefore, the remedy from the bad effects of a valued policy law is available and the responsibility for using it must of necessity be placed in your hands, for as a practical matter you alone are in position to take the necessary action.

### Show How Agents Must Assume Responsibility\*

Such inspection is of prime importance for two reasons, one, from the valued policy standpoint; the other from the coinsurance standpoint. Bear in mind that if the existing insurance through lack of inspection fixes the value, the amount thereof may be more or may be less than the actual value. Hence, if more than the actual value it may prove an incentive for fire. If less than the actual value it may defeat the purpose

of coinsurance. To illustrate: Assume actual value of \$15,000, insurance of \$7,500, 80 percent coinsurance attached, insurance called for thereunder \$12,000. But lack of inspection within 90 days makes the existing insurance the measure of value. Therefore, insurance and value are identical and the coinsurance clause is technically complied with, although actual compliance based on real value would require \$12,000 insurance. No one can tell to what extent a valued policy law contributes to high loss ratio, but at least the present law can be rendered unobjectionable, if we do our duty. If the agents fail therein the responsibility for such results as follow must be laid at their door.

### Declares Warranty Law Objectionable in Principle

Another law on your books provides that no written or oral representation or warranty shall void a policy unless it increases the risk of loss or is made with intent to deceive. Such a law is objectionable in principle, because



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U. S. Manager Northern Assurance

it may override a written contract entered into with full knowledge of its provisions, upon which the insurance company relies. Yet it is fair to say that technical defenses are not favored by the companies; hence, we cannot charge this law with any large share of the high loss ratio of Tennessee.

You have other laws which are usually considered unnecessary and are sometimes invoked to enforce unfair claims, or operate to increase the expense of conducting business, such as your penalty for delaying payment of loss, your anti-compact law, some of your tax and license laws. But these are not material enough in effect to account for the substantially higher loss ratio of your state.

As to your courts, a review of decisions of the past 10 years indicates as a whole no generally hostile attitude, but rather a fair and reasonably friendly disposition.

### Finds That Tennessee Rates Are Too Low

If we find, therefore, after investigation that your construction, your care of common hazards, your moral, temperamental and climatic conditions,

(CONTINUED ON PAGE 36)

## (CONTINUED FROM PAGE 30)

port. Spontaneous combustion was responsible for 67 fires and driers and ovens for 42. There were 12 fires caused by pyroxylin spraying, some of which were very disastrous. This is a hazard which has been introduced during the last few years and the dangers of which are not yet realized by most manufacturers.

The percentage of failures of alarm giving devices to properly function in case of fire was about the same as last year, namely, watchman, 11 percent; thermostats, 10 percent, and sprinkler alarms, 3 per cent.

Under the heading of sprinkler leakage 367 losses were tabulated. Of these 121 were due to freezing of wet pipe sprinkler systems; 34 to freeze-ups in dry pipe systems; 85 to high temperature; 55 to mechanical injury; 8 to defective fittings and pipes; 42 to defective or injured sprinklers and 7 to corrosion of pipes or fittings.

The following officers were elected: Secretary, Gorham Dana; treasurer, Edmund Winchester; new members of the executive committee, Insurance Company of North America, North British & Mercantile, Springfield Fire & Marine, and Aetna Fire, the latter for one year.

**Forming New Company**

Announcement was made last week by the New Jersey department of banking and insurance of the formation of a new fire company in that state, to be known as the Essex Fire of New Jersey. The company will have an authorized capital of \$500,000. Its organizers are connected with the Ajax Fire.

**Security Club's Speakers**

E. H. Sigelson, manager of the Buffalo division of the New York Fire Insurance Rating Organization, was the speaker before the Security Insurance Club at New Haven the past week. He discussed the "Functions of a Fire Insurance Rating Organization." The next meeting of the club will be held Nov. 29, when J. A. Robinson, engineer of the National Fire of Hartford, will speak on "Fire Prevention and Protection."

**Change Maine Barn Rates**

BOSTON, Nov. 23—Barns and stables in Maine are affected by new rates sent out by the New England Insurance Exchange. Formerly there were some four classifications and as many rates. These have been combined under a more favorable rate whereby a minimum rate is provided on private barns and stables of any character up to and not including four horses used for business purposes, there being one rate only.

**Should Insure with Licensed Agents**

HARTFORD, Nov. 23—That applicants for insurance should be absolutely certain that they are placing their insurance with licensed agents, was strongly emphasized by Commissioner Howard P. Dunham as the result of a complaint investigated by his department.

A Hartford property owner had for several years been in the habit of placing all of his insurance business with a relative whom he believed to be a licensed insurance agent. The latter was not an agent, but would take the business to a friend of his who would write the policies. The property owner recently requested a policy and was told he would be covered. Due to a disagreement between the friends, however, the policy was not written and a day or two later a loss occurred. The loss was not covered, of course, much to the surprise and indignation of the owner, who has suffered a considerable loss.

The person who acted as an agent without a license will be prosecuted, the department states, but that does not in any way make up the loss which the property owner suffered.

**Clearing House Association Elects**

BOSTON, Nov. 23—The Boston Clearing House Association held its annual meeting last week. Henry T. Hugard of Rosencrantz, Hugard & Co. was elected chairman of the governing committee. George B. Proctor of Patterson, Wyld & Windeler and S. T. Emery of Gilmour, Rothery & Co. were elected to the governing committee to succeed C. H. J. Kimball and William H. Rogers.

**New England Notes**

James P. Spillane, for some 40 years associated with the Boston agency of Frank Gair Macomber, died at his home in Brookline the past week, following a heart attack, aged 65 years.

William H. Wilson, for nearly ten years chief bookkeeper in the Connecticut insurance department, has left to become town clerk in Plainville, Conn. His successor in the insurance department has not been named.

H. Leon Viets has been appointed office manager for the new general agency in Hartford of Fred Williams & Co., representing the Century Indemnity and World Fire & Marine. Mr. Viets was with the R. C. Knox general agency for many years in Hartford and for two years was with the Travelers in the Hartford branch office.

**NEWS FROM CANADA****CHECK UNLICENSED BUSINESS**

**Largest Volume Written in Ontario and Quebec—Most of Risks Covered by Mutuals and Lloyds**

OTTAWA, ONT., Nov. 23.—Unlicensed insurance is effected in Canada under provisions of section 120 of the insurance act of 1917, which permits any person to insure property in Canada with unlicensed fire insurance companies, associations or underwriters, provided such insurance is placed without solicitation by the insurer.

As the returns for 1926 are not required to be filed before Dec. 31, 1927, it will be some time before the figures for that year will be available. However, the unlicensed insurance effected in Canada during the year 1925 amounted to \$551,703,691, which shows a decrease in the amount over the year 1924 of \$14,304,186.

Of the total amount effected in 1924, 48 percent of the total was placed in Ontario, and 32 percent in Quebec, while in 1925, 49 percent of the total was placed in Ontario and 34 percent in Quebec. As the provinces of Ontario and Quebec are the manufacturing centers of Canada, it is in these two provinces that most of the unlicensed insurance is carried.

In the year 1925, the \$551,703,691, of

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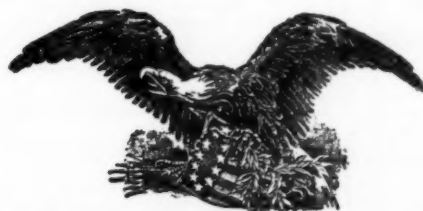
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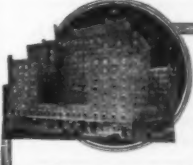
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unlicensed insurance business was distributed among the various classes of insurers as follows: Stock companies, \$41,194,670; mutual companies, \$439,390; Lloyds associations, \$61,112,320. In 1925 mutual companies carried 79 percent of the total amount of unlicensed insurance.

In 1922 the parliament of Canada amended section 5 of the special war revenue act, 1915. The amendment imposed a tax of 5 percent on all premiums paid to unlicensed companies for the insurance of property situated in Canada. This tax does not apply to marine insurance premiums, and is payable by the insured. The principal feature of this tax is that it applies to all insurance on property, whether fire or casualty.

The nature of property insured by unlicensed carriers was as follows: Lumber and lumber mills, \$31,894,481; industrial plants and mercantile establishments, \$510,551,579; railway property and equipment, \$1,353,873; miscellaneous, \$7,903,756.

The following are the amounts of unlicensed fire insurance at intervals of five years from 1910, in which year returns were first called for, to the year 1920, and each year separately from 1921 to 1925, inclusive:

1910	\$189,515,229
1915	235,770,597
1920	483,758,441
1921	431,617,985
1922	558,914,354
1923	557,317,894
1924	566,007,877
1925	551,703,691

## Merged Association Elects Officers

The recently effected amalgamation of the British Columbia Fire Underwriters Association and the British Columbia Automobile Underwriters Association, under the name of the British Columbia Insurance Underwriters Association, was put into force with the election of the following officers: Honorary president, F. W. Rounsefell; honorary vice-president, B. W. Greer, Pacific Coast Fire; members of joint committee, Hunter Harrison, J. A. Anderson, F. B. Lewis, A. W. Blake and J. A. Young; chairman fire branch, J. A. Anderson; manager fire branch, John L. Noble; chairman automobile branch, F. B. Lewis; manager automobile branch, A. E. Goodman. The new association already has 157 members.

## Oregon Commissioner is Speaker

In connection with the regular joint meeting of the executive committees of the Fire Insurance Agents Associations of Vancouver, Victoria and New Westminster, B. C., a special meeting of the executives, together with branch managers and general agents, was held at Vancouver to hear an address by Clare A. Lee, insurance commissioner of Oregon, who had for his subject "Independent Rating Bureaus."

## W. C. F. U. A. Staff Entertained

WINNIPEG, Nov. 23—The staff of the Western Canada Fire Underwriters Association held a very successful dance last week, when nearly 100 of the staff and their friends attended. The president and vice-president of the association were guests and a delightful feature of the program was the presentation of suitably engraved mantel clock to T. E. D. Boys, chief stamping officer of the association, on the occasion of his marriage, Mr. Boys having only recently returned from a honeymoon tour in the States. The presentation was made by the president.

## New Quebec Company

According to the Quebec official gazette, the United Provinces Insurance Company is applying for incorporation, with a capital of \$500,000. While the charter will cover all kinds of insurance, it is the present intention, so it is believed, to devote special attention to casualty insurance.

## Recent Canadian Losses

The Erskine United Church at Toronto was destroyed by fire believed to be due to the spontaneous combustion of oily rags in a storeroom under the platform below the pulpit. The estimated dam-



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age is set at \$100,000, with about \$84,000 insurance.

The Parrish & Helmbecker elevator at Calgary, Alta was destroyed by fire last week. The estimated loss being put at \$42,000. There were between 15,000 and 20,000 bushels of grain in the elevator.

One of the largest stores in Selkirk, Man., was gutted by fire, and a large stock of merchandise destroyed. The total estimated damage is \$50,000, of which \$14,000 was on the building.

### Canadian Losses Compared

According to the "Monetary Times," fire losses in Canada for the week ending Nov. 9 are estimated at \$151,200, as compared with \$768,000 for the corresponding week of 1926.

According to the same source, fire losses in Canada for October, 1927, are estimated at \$1,777,750, as compared with \$1,048,100 for the corresponding month of 1926. The losses are divided by provinces as follows: Alberta, \$126,200; British Columbia, \$65,000; Manitoba, not given; New Brunswick, not given; Nova Scotia, \$36,500; Ontario, \$786,250; Prince Edward Island, not given; Quebec, \$195,000; Saskatchewan, \$68,800, with an estimate of \$500,000 for unreported losses.

### Speaks on Fire Insurance Contract

WINNIPEG, Nov. 23—Norman J. Black gave a brief address on the "Fire Insurance Contract" before a very large aggregation of members of the Insurance Institute of Winnipeg. The lectures are arousing a very keen interest among the student members. Examinations will be held in April.

### New Canadian Manager

R. W. Nash has been appointed Canadian manager of the British Oak, succeeding Archibald R. Howell, who recently resigned. The head office of this company is at Montreal.

### Enters Western Field

The Railway Passengers Assurance of London, is now transacting business in the western Canada field. C. A. Richardson is Canadian manager at Montreal, while F. J. L. Harrison is branch manager at Winnipeg, having supervision over the prairie provinces.

### Hail Losses Set Record

Hail losses in Canada in 1927 were the highest for several years, reaching a high point of 99.02 per cent loss ratio. Premiums and losses for the past seven years are as follows:

	Net Prem.	Losses	Per Cent
1921	\$ 4,371,349	\$ 4,718,786	107.9
1922	4,402,427	1,635,347	37.1
1923	4,322,643	5,119,327	96.1
1924	3,687,167	2,004,957	54.3
1925	5,397,594	2,267,399	39.4
1926	4,803,004	3,185,047	66.3
1927	6,605,322	6,541,252	99.2
1918-27	44,353,496	30,339,247	68.4

According to the report issued by A. H. Tovell, manager for the municipal hail insurance board of Alberta, the taxed rate for municipal hail insurance was set on a sliding scale of from 5 to 18 per cent. The losses amounting to \$2,500,000 this year, it was necessary to use practically all of the accumulated reserve, amounting to probably \$700,000, which would leave a sum of \$1,800,000 to be collected by way of tax.

### Action of Telephone People

G. A. Strasen, president of the Wisconsin State Fire Prevention Association, has asked W. R. McGovern, president of the Wisconsin Telephone Company to print the number of the phone of each fire department on the cover of all future telephone directories as its contribution to fire prevention work. He has just been advised that this action will be taken on all future directories. The first issue to contain this will be the Kenosha directory.

### Explosion Insurance Discounts

In a recent issue it was stated that in placing explosion insurance there was a discount of 40 percent for the use of the 80 percent coinsurance clause. This should have been 30 percent. The 40 percent discount is for the 100 percent clause.

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## MOTOR INSURANCE NEWS

### VALUED POLICY SANCTIONED

**Companies Writing Fire and Theft in Texas May Use This Form, but It Is Not in Favor**

AUSTIN, Tex., Nov. 23.—Optional use of a valued policy in writing fire and theft automobile covers has newly been sanctioned by the Insurance Commission, though no great rush to take advantage of the privilege has been evidenced. Nor is it likely to be. Similarly the 50-50 provision in the collision feature of the automobile contract has failed to find favor, many companies refusing flatly to consider its issuance and so advising their local representatives throughout the state.

Under the terms of this agreement the assured pays one-half the regulation premium, and is not liable for anything more unless he sustains an accident, in which event he becomes automatically responsible for the remainder of the amount.

The experience of the companies with collision insurance in Texas has not been such as to induce partiality for any practice that will make for a reduced income on this class of coverage. When the new regulation affecting automobile indemnity went into effect in the state early in September the fire companies filed the old manual rates without discount. These the commission refused to approve, ordering instead a 30 percent reduction therefrom, from which ruling no appeal was made.

Fire and casualty companies writing automobile risks unite in support of the Texas Service Office, which under the management of F. R. Harris is the contact body between the companies and the Insurance Commission, and serves as a medium for the dissemination of all rulings and law interpretations affecting their particular division of insurance.

### Study Collision Experience

NEW YORK, Nov. 23.—Representatives of the fire and of the casualty companies are in session today, studying the experience under the collision cover during the present year, with a view to revising the rates for 1928.

### W. S. Dulaney Guest Speaker

W. S. Dulaney, deputy insurance commissioner of Iowa, who has been visiting in Chicago for about a week, was the guest of the Automobile Superintendents Club of Chicago at its weekly luncheon meeting last Monday, and made a brief address before the gathering. Mr. Dulaney spoke on the Iowa commission, explaining some of the forms in use in the state, and how and why they differ from forms in use in other states.

### Motor Case Decided

Plaintiff seeks to show that the policy of insurance was null and void because of the asserted fact that defendant possessed the motor cars as trustee, and not as sole and unconditional owner. Held that in this state the equitable title, coupled with actual possession of the property insured, bears with it all the incidents of legal title. *Pacific States Fire vs. Rowan Motor Co.*, Sup. Ct. Ore. Dept. No. 2.

### Farm Bureau Mutual Reports

PRINCETON, ILL., Nov. 23.—After six months of operation, the Illinois Agricultural Mutual Insurance Company, organized in April by the Bureau County Farm Bureau here, reports total assets of \$115,704 and over 6,000 policyholders. This is a mutual company, launched by the farm bureau to write a full coverage automobile policy at cost. The semi-annual statement just made public shows the assets to be over \$115,000, the interest of the members being \$65,000, of which the policyholders have contributed \$57,000 to surplus.

### SEEK FINANCE BUSINESS PLAN

**Progress Is Made by Committee Working to Complete Satisfactory Method of Issuing Coverage**

HARTFORD, Nov. 23.—Distinct progress is being made by the recently appointed committee of the National Automobile Underwriters Conference in formulating a plan for writing the business of finance companies. It is confidently expected a completed program will be submitted to the association members for their consideration in a short time.

The idea of launching an independent company to be owned and controlled by members of the National conference willing to embark on such a venture was long since discarded as impractical, and the committee has been working along wholly independent lines.

Finance business, many managers concede, is a wholesale proposition and must be dealt with on that basis. It is probable that a single interest form of policy will be drawn up and a method of underwriting outlined that will meet the situation.

Finance companies derive no considerable part of their profit from the commission obtained by placing insurance on cars purchased through their plan of credit, and will be loath to surrender this return. It is up to the underwriters to perfect an arrangement that will prove acceptable to the finance corporations, local agents and assureds, and the work now in hand is predicated with this end in view.

### Thefts in Cincinnati

Companies writing automobile theft insurance in Cincinnati complain of loss of parts and equipment due to joy riders who will drive cars to the outskirts and strip them of spare tires and anything else that is loose. The companies have had a very good experience on theft insurance involving entire cars. Cincinnati and surrounding territories are regarded as profitable from an automobile insurance standpoint. Casualty companies have made money on their classes.

### Republic Auto Increases Capital

LANSING, MICH., Nov. 23.—Application for an increase in capital of the Republic Automobile of Detroit brought out that some of the Fisher brothers, body builders, financiers and powers in the General Motors organization, hold a good-sized block of Republic stock. The application for permission to issue \$100,000 additional stock was granted. The company, an outgrowth of the Republic Automobile Underwriters, a reciprocal which was stocked less than a year ago, had an original capital of \$200,000.

According to information supplied to the securities commission, the Fishers now own over 30 percent of the Republic Auto stock. It was said that practically all of the new stock was subscribed ahead of the authorization.

### May Write Title Business

WASHINGTON, D. C., Nov. 23.—Announcement is made by T. M. Baldwin, Jr., superintendent of insurance in the District of Columbia, that he has been given an opinion by the corporation council of the district that it is possible for a marine, fire and marine or fire company, under the marine act of 1922 to write title business with a capital of \$150,000 and a surplus of \$75,000. The old law provided for a capital stock of not less than \$1,000,000 to transact such class of business. Under the new law, if a concern has a capital of at least \$150,000 and surplus of \$75,000, it may transact the business of insurance against loss from incumbrances on or defects in titles to real estate.

Among the more recent entries in the Inter-Chamber Fire Waste Contest conducted by the National Fire Waste Council, under the auspices of the Chamber of Commerce of the United States, is Monmouth, Ill.

### R. P. BARBOUR GIVES VALUABLE SUGGESTIONS (CONTINUED FROM PAGE VI)

your water supply and fire departments, your own attitude as agents and that of the companies you represent, your laws and your administration of justice are at least no worse than other states. Then it is an unescapable conclusion that during the past five years, not to mention previous years, the level of your rates has been too low. That being true, then the business of which you are part and parcel has the right to expect that you will boldly and without apology, aid by word and deed in showing the necessity for the very moderate readjustment in rates already brought about.

If that is not sufficient for the purpose, you will at all times and under all conditions uphold the justice and propriety of such further readjustments as may be necessary in order that Tennessee may pay her share in the equitable distribution of the fire cost and in maintaining the solvency of fire insurance companies upon which her citizens depend for protection in time of need. No business can continue indefinitely to pay out more than it takes in; nor will rising values of securities forever keep intact capital and surplus drained by abnormal losses.

The first and foremost concern of the property holder as respects insurance should be the solvency of the insurance company on whose protection he relies. Solvency in the long run is based on securing reasonable rates, sufficient to cover losses and a reasonable expense cost by a small margin. Fire insurance companies for the last 50 years have made a smaller profit on their operations than any other business that has endured. They are content with a small margin and that is all they ask.

### Suggestions Made on the Constructive Side

So much for things as they are. Now what can be done on the constructive side? It has long been claimed that insurance is "affected with a public interest," and this has been used to justify measures of control over the operations of insurance companies and their agents, many such measures being of a harassing and unnecessary, even unwise, nature, whereas the attempt to control the fire hazard itself has not received the same attention.

When a fire occurs in France the first question is: "Who is responsible?" Here it is apt to be: "Was it insured?" People forget that insurance merely distributes the loss. It takes small sums from many to pay relatively large sums to a few. What is needed is that we shall save the wealth we have; not let it be destroyed by fire, and to this end we need sane building codes and sane housekeeping codes even more, and then to have such codes fairly and justly and impartially administered. I wonder if the general public realizes one thing alone which is sufficient to give every man of property a reason for supporting all fire prevention movements. This reason is that when taxable property burns, such taxes as it would have paid must be distributed amongst the rest of the taxable property; therefore, every fire potentially raises taxes.

You as agents are in position to perform a very valuable public service by advocating reasonable building and maintenance laws and by everlastingly preaching care of hazards, especially the common ones of heating, lighting and housekeeping. Fortunately such action is in line with your daily work, for the rating system in use wisely reduces rates for hazards minimized or removed.

Having indulged in what may pass for criticism of the general public, which includes ourselves, it is only fair that we should indulge in a little constructive criticism aimed directly at ourselves.

We are not always as careful as we should be in eliminating needless and wasteful expense. Among these may be

mentioned too many different kinds of policies wholly unnecessary, too great a multiplicity of forms, too many immaterial changes of rates and a number of other things out of which I would like to select two about which to speak in more detail.

### Great Waste in Expense of Not Taken Policies

For example, have you ever considered the cost to you of issuing a policy that does not stick? Agents state that on an average their office cost per policy issued is about \$1.50. It costs you and the companies almost as much to handle a policy for cancellation as it does to handle a policy written. Figure out for yourselves what that means in the course of a year. For one thing it means that a policy issued, delivered and paid for costs you about one-half as much in actual and direct expenditure as one issued, delivered and then cancelled. One profits you; the other costs you money. For the five years ending 1926 the return premiums of my company for the United States amounted to 21 percent of the gross premiums written, and this is about the average. Such return premiums largely represented policies cancelled on which no earned premium was paid and, therefore, represented outlay with no income.

In New York City where a comprehensive plan has been adopted in the effort to minimize the so-called "not taken policies" and to require earned premiums in the case of any policies outstanding more than a given time after commencement, it has been astonishing to learn how greatly the number of "not taken policies" has been reduced and what a relatively large sum is represented by the earned premiums collected on policies outstanding but a short period, which formerly would have been marked off.

Another side of that picture is that no one knows how many losses are paid on policies that would not have been accepted but for an intervening fire. The "free insurance" evil is one that agents can control in large measure and it is to their advantage as well as that of the companies to do so as far as practicable.

### Cost of Endorsements Runs Up Into Big Money

In a somewhat lesser degree there is much wastefulness in the making of endorsements that should be unnecessary. By these are meant endorsements correcting the rate, or premium, or the name of the assured, or adding a required clause omitted from the form, or correcting another not permitted, and all the hosts of other details that cause a large percentage of insurance policies to bear some form of endorsement. There is almost as much clerical labor and expense in your offices and those of the companies in putting through an endorsement as in putting through a policy, particularly if there is an additional or return premium involved. Of course, some endorsements are unavoidable, such as those occasioned by changes of interest, or of conditions, or of values.

Control of those things which avoid waste and unnecessary cost puts money in your pocket in a negative way. Now let us turn to some of the things that will put money in your pockets.

There is an old saying that "Hidden reserves of strength lie dormant in every man!" Insurance agents today in general are representative men. They take an active part in civic life. They are members of the Rotary, Kiwanis and Lions clubs. They belong to business men's organizations and have a more prominent position in the community life of their respective cities than ever before. Our business makes greater demands each day on technical and comprehensive knowledge. Perhaps that is partly the reason why agents as a whole have a very much better knowledge of the principles and details of insurance than at any previous time.

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# The National Underwriter

November 24, 1927

CASUALTY AND SURETY SECTION

Page Thirty-nine

## AGREEMENT REACHED ON CHICAGO COST

Conferences Bring Out Surety Plan  
for Regulating Commissions  
and Agencies

## FORMAL ACTION AWAITED

Local Association and Full Company  
Committee to Act—Cut Out District  
Agencies

The Chicago Surety Underwriters Association met this week to consider the rules regarding acquisition cost that have been agreed to by the special committee of Chicago surety men and the sub-committee of the national agency committee. The surety acquisition cost conference sub-committee appointed to consider Chicago problems arrived in Chicago last week and met the local special committee. The latter had drawn up a set of rules and regulations which it proposed to the sub-committee of companies. These rules were adopted by the companies' sub-committee who in turn will submit them to the entire agency committee. The main changes are the elimination of district agents who receive 25 percent commission. The two commissions are for producers and general agents. The Chicago association will vote on whether it will establish 15 percent as the brokerage commission in Chicago or 20 percent. That is left to the local association.

### Relief Measures Main Issue

The main issue will arise over the authority granted to the acquisition cost committee of the Chicago Surety Underwriters Association. Under the rules each company is allowed one branch office and one general agency or two general agencies. The Chicago surety people have objected to the relief measures granted by the national agency committee, thus allowing almost any company to have as many excess appointments as it desired. The Chicago local committee insisted that it have authority to pass on any cases of relief. The committee stated that it would go over the excess general agents filed at the time the rules were adopted and see whether they are bona fide. They further declared that they would not allow any further general agency appointments.

### Appeal to Company Committee

The sub-committee from the companies stated that they were very sure that they could not induce all the companies to agree to the local committee having full control over general agency appointments. A compromise was reached, therefore, whereby the local committee is to give approval to existing appointments or future appointments. If it gives its disapproval then the matter is to be submitted to the national agency committee and its action will be final. The local committee, however,

## SURETY ACQUISITION COST RULES FRAMED TO APPLY IN CHICAGO FIELD

Last week conferences on surety acquisition rules applying to Chicago were held in that city by a committee of the national acquisition cost conference and representatives of the Chicago association. At an open meeting an adaptation of the national rules was agreed upon, to come before a special meeting of the Chicago association this week. The proposed Chicago rules differ from the national rules very little and only in providing for special conditions at Chicago. They are as follows:

### RULES REGARDING ACQUISITION AND FIELD SUPERVISION COST FOR FIDELITY AND SURETY BUSINESS FOR CHICAGO, ILL.

#### I. Classes of Agents

- A. Agencies in Chicago shall be:
  1. General agents, which term for the purpose of these rules shall embrace branch offices.
  2. Producers, which term for the purpose of these rules shall embrace office agents, local agents, agents, and brokers.

#### II. Definition of Certain Classes of Agencies

- A. General agents and branch offices shall be maintained only under contracts which prescribe the bona fide supervision of producers and the payment of acquisition and field supervision cost in accordance with these rules.
- B. Agencies such as general and district agencies shall not be subdivided. If a general agency, for example, is used for fidelity business or for surety business it must be counted against the quota of general agencies allotted to the city or state in question. If general agency remuneration is paid for one or more such lines of business, the agency must be classified as a general agency.

#### III. Acquisition and Field Supervision Cost—Definition

- A. The term "net premiums" shall mean gross fidelity and surety premiums written, including premiums on reinsurance accepted and excluding premiums on reinsurance ceded and excluding premiums cancelled or refunded.
- B. The term "production cost" shall mean:
  1. The total amount of brokerage and commission paid or allowed on fidelity and surety premiums; and
  2. The total amount of expenditures (or of the pro rata part thereof, where such expenditures are applicable in part to other purposes) for producing fidelity and surety business in the conduct of all branch offices and agencies, such as:
    - (a) Remuneration to general agents, branch office managers, assistant managers and salaried special agents.
    - (b) Traveling expenses of general

insists that it shall have more authority in the handling of these deviations. The main trouble in Chicago has been the many relief measures allowed by the national agency committee, resulting in the acquisition cost machinery practically being dismantled. The rules and regulations drawn up by the Chicago special acquisition cost committee and agreed to by the sub-committee of the national agency committee are to be submitted both to the Chicago Surety Underwriters Association and the entire membership of the national agency committee.

agents, branch office managers, assistant managers and salaried special agents.

(c) The cost of collection of premiums and branch offices.

(d) Expenditures for rent, heat, light and maintenance of agencies and branch offices.

(e) Compensation of clerical office force in agencies and branch offices; and  
(f) Exchange, advertising, postage, telephone, telegraph and express in the agencies and branch offices.

Such production cost shall not include the whole or any pro rata part of expenditures made for: 1. Taxes and governmental impositions; and 2. legal services, adjustment of claims, inspections and audits.

#### IV. Total Production Cost

A. General agents and/or branch offices.

1. The total production cost of fidelity and surety business, exclusive of bankers, brokers and mercantile blanket bonds, within the continental United States, incurred by a company in any calendar year, laid down at the home or head office, shall not exceed 30 percent of the total net premiums on such business.

The commission on such fidelity and surety business shall not exceed 30 percent on any one bond.

2. The total production cost of mercantile blanket bond business, within the continental United States, incurred by a company in any calendar year, laid down at the home or head office, shall not exceed 20 percent of the total net premiums on such business. The commission on such mercantile blanket bond business shall not exceed 20 percent on any one bond.

3. The total production cost of bankers and brokers blanket bond business, within the continental United States, incurred by a company in any calendar year, laid down at the home or head office, shall not exceed 15 percent of the total net premiums on such business. The commission on such bankers and brokers blanket bond business shall not exceed 15 percent on any one bond.

#### B. Producers.

1. The commission to any producer on fidelity and surety business, exclusive of bankers, brokers and mercantile blanket bonds, shall not exceed (.....) percent (see section XII) on any one bond.

2. The commission to any producer on mercantile blanket bond business shall not exceed 15 percent on any one bond.

3. The commission to any producer on bankers and brokers blanket bond business shall not exceed 10 percent on any one bond.

4. However, an office agent may be compensated by either salary or commission but not by both.

#### C. Brokerage.

1. Brokerage on fidelity and surety business, exclusive of bankers, brokers and mercantile blanket bonds, shall not exceed 20 percent on any one bond.

2. Brokerage on bankers, brokers and mercantile blanket bond business shall not exceed 10 percent on any one bond.

#### D. Exchange of business.

1. The rate of commission that may be paid by one agent to the agent of another company, or to another member company, or may be paid by one member company to another member company or to the agent of another member company, on business brokered on which its indemnity is not given and which does not constitute co-surety or reinsurance, shall be 20 percent on general fidelity and surety business and 10 percent on

(CONTINUED ON PAGE 49)

## CARL HANSEN WILL LEAVE THE GENERAL

Great Work Has Been Done in the  
Development of That  
Company

## BUILDING IS COMPLETED

Will Devote His Time to the American Mine Owners Casualty, a  
New Corporation

NEW YORK, Nov. 23.—Carl M. Hansen, vice-president and general manager of the General Reinsurance since Oct. 1, 1923, has resigned as of Dec. 31. He has large financial interests in the corporation, which will be retained, as will his place upon its directorate. The active management of the institution will continue as heretofore and the present underwriting staff will assist

### Company Reconstructed

When Mr. Hansen in association with J. G. White and others bought the outstanding stock of the General Reinsurance in 1923, it had about \$3,000,000 of assets with an actual market value of \$1,000,000, and was in difficulties through too large commitments of a nature which might have resulted in complete ruin. With characteristic energy and ability, backed by the financial responsibility of J. G. White, Mr. Hansen set to work out the reconstruction. That his efforts have been successful is recognized today in casualty and surety circles, as well as among the banking fraternity. The corporation will close its books on Dec. 31 with assets of approximately \$12,000,000 and a market value of its shares of about \$7,250,000.

### Work of Builder Completed

In discussing his resignation, Mr. Hansen stated that he felt the work of the builder was completed and that he is warranted in turning over the operation of the institution to the men who have been associated with him in its upbuilding, and that his other interests demanded more of his time than he could give as long as he was the managing officer of the General.

### Mr. Hansen's Career

Mr. Hansen may look with satisfaction on his accomplishments during the last 15 years. He came east in 1913 from San Francisco to develop and put into effect a rating system for workmen's compensation insurance. That system is now used in every state. As an engineer, having always felt the urge to build rather than operate, when his rating plan was a demonstrated success, he started in the underwriting field, his first effort in that line being the Pennsylvania Bituminous Casualty Company, operating successfully in the mining fields of Pennsylvania. As an outgrowth of that, his next step was the American Reinsurance of Philadelphia. He remained with that company until it was



a financial success, sold his interests and with his associates bought the General Reinsurance.

#### Student of Coal Problem

Mr. Hansen commenced his career as an independent underwriter in the coal industry and it has always remained an interesting problem to him. Compensation insurance on coal mines has been the football of more agitation than any one line. Mr. Hansen through his companies has handled the largest individual volume of this business since 1916 that has been concentrated in any one office. It is estimated that the earned premiums on that volume over the period have aggregated some \$20,000,000 and on the entire period, with the exception of two years, 1925-26, he has run even on the business or made a substantial underwriting profit.

#### Organized New Company

Realizing that there was room for really constructive work in that line, he undertook on his return from Europe this summer to organize the American Mine Owners Casualty to handle nothing but coal mine compensation insurance, in charge of a highly specialized organization, which he has built up over a period of 11 years. It is his intention, as soon as he is relieved of his responsibilities in the General Reinsurance, to devote the necessary time to that institution to wedge it solidly into the industry as an integral part of it.

#### Interested in Many Enterprises

That Mr. Hansen's industry and energy are appreciated by men outside of his immediate associates in the business is clearly indicated by the number of prominent corporations with which he is affiliated as a director. Among these are the National American, State Title Mortgage, Insurshares Corporation, International Germanic and Insurance Management Corporation. Mr. Hansen will retain permanent offices at 80 John street. There are rumors on the street that he has been working with New York bankers to acquire the financial control of a group of insurance companies. When asked about this story Mr. Hansen declined to comment upon it at this time, emphasizing that his work was pretty thoroughly cut out for him at present in the placing of a firm foundation for the American Mine Owners Casualty.

#### To Discuss Compensation Rates

NEW YORK, Nov. 23.—A further (and it may be final) meeting will be held tomorrow by representatives of the four casualty underwriting bodies that for weeks past have been studying compensation rates for New York State in an endeavor to submit a united proposition to Superintendent J. A. Beha. What the final outcome will be is on the lap of the gods, no one caring to venture an opinion at this time.

#### Claim Department Plans

NEW YORK, Nov. 23.—Members of the governing committee of the recently formed claim department of the National Bureau of Casualty & Surety Underwriters will meet here Dec. 1 to formulate plans for the operation of the division and probably select a manager. The governing committee is made up of the Hartford Accident, Indemnity Insurance Company of North America, Maryland Casualty, Standard Accident, Travelers, United States Casualty, and the United States Fidelity & Guaranty.

#### Series of Meetings Successful

A. L. Kirkpatrick, secretary and treasurer of the Casualty Information Clearing House, Chicago, completed a series of nine meetings in Texas cities Nov. 18. Attendance at the nine meetings totaled in excess of 300, the series as a whole being the best the organization has conducted. The purpose of the meetings is to study the competitive situation in a given territory and make personal contact with agents.

## CONSTRUCTION OF LAW MAY AFFECT CARRIERS

### PUBLIC LIABILITY INVOLVED

New Hampshire Statute Contains Seeds of Future Difficulty for Insurers and Finance Companies

Companies writing the automobile public liability line, together with automobile finance companies, are interested in and may be seriously affected by the revelation of a delegate to the convention of the National Automobile Finance Association in Chicago last week to the effect that in New Hampshire the statute governing operation of finance companies has been interpreted to make the finance company the "actual owner" of the cars it finances, or to make the purchaser of a car the liable agent of the finance company. To date it is not known that the Supreme Court of New Hampshire or of any other state has decided a case arising out of this interpretation.

If the interpretation holds so far as the finance company is made the "actual owner," the company will thereafter be forced either to carry public liability insurance on the cars it finances, or adopt the chattel mortgage contract to replace the conditional sales contract, which is the form of contract most in use. Pennsylvania uses the bailment lease contract, which is essentially the English hire-purchase contract under another name.

#### Recording Is Expensive

The rub for the finance companies in this change from one contract form to another arises from the fact that some states require that all chattel mortgage contracts be recorded. Recording is a time-consuming and expensive procedure, and there is a question whether it would not be less expensive for the finance companies to carry liability insurance than to adopt the chattel mortgage contract and record. Some states require only that an abstract of the chattel mortgage be filed, a simple and inexpensive procedure. A finance company president said since the Chicago convention that had the last legislature in a certain state passed the bill before it to adopt the chattel mortgage contract to replace the conditional sales contract his company would have a \$10,000 annual expense item for recording fees in that state alone. His company is by no means one of the largest in the business.

#### Objection Is to Cost

There is little objection from finance companies to the chattel mortgage contract as a form. The objection is to cost. So far as filing is concerned, some states require that conditional sales contracts be filed.

Those who are familiar with the details of finance company operation point out that before the courts settle this matter they will have had to decide many cases developing from the fact that the purchaser's equity in his car grows steadily and the finance company's diminishes as the payments are made, until the purchaser's debt to the company is removed. At a point just beyond half way in the life of the contract the operator of the car obtains a larger equity in it than has the finance company.

#### Hicks Takes National Surety

The P. H. Hicks Company of Nashville, which has been general agent of the Fidelity & Deposit in that city for many years, has resigned to take the National Surety. Mr. Hicks was a close member of the Fidelity & Deposit family and very highly esteemed. John J. Brady, who was a member of the Hicks Company organization, has been appointed resident vice-president and state manager of the National Surety.

## APPLY BASIC PRINCIPLES WHEN IN DOUBT ON LAW

### ROBERTSON CHICAGO SPEAKER

General Counsel of Monarch Accident and Monarch Life Addresses Claim Men on Legal Problems

Speaking on "Basic Ideas on Insurance Laws," Egbert Robertson, general counsel of the Monarch Accident and Monarch Life of Springfield, Mass., in an address before the Chicago Claim Association at its meeting last week, urged that in cases where there is doubt as to the law which is applicable, the claim man should endeavor to apply the general principles of insurance law, to see within what category the case falls, rather than look for some specific case which will afford an exact parallel to the one in hand.

#### What Contract Includes

He outlined the basic principles of insurance law in general, stating that while it comes under the general class of the law of contracts, an insurance contract differs from all others because it contains the element of contingency, and necessarily has an "if" in it. He pointed out that the contract includes not only the application, the policy and the medical examination, if any, but also the laws of the state in which the contract is made, as it is subject to the limitations of those laws, and the statute under which the company is organized, as it can make a valid contract only to the extent of its statutory powers. Referring to the standard provisions for health and accident, now required in many states, he said that they were a part of the contract, not by force of law, but because the parties to the contract agreed to their inclusion, even though the law provided that they should be included if any contracts were made.

#### Courts Favor Insured

In regard to the interpretation of the contract, he said that the main thing to consider is: What did the parties intend to do? Whenever there is any question, the court holds in favor of the person who does not draw the contract, in this case the insured. He said that judges are, of course, only human and circumstances that would influence a jury are likely in some degree to influence a judge as well. He declared that there was no reason in law for construing the standard provisions to the benefit of the insured, as that part of the contract is not prepared by the company, but that the tendency of the courts is in that direction.

#### Extreme Interpretations Cited

In connection with the tendency of the courts to favor the insured, even to the extent of an extreme interpretation of the policy provisions, he cited the suicide decisions which hold that it is not suicide when a man kills himself while insane; the Illinois case in which typhoid fever was held to be an accident, and another Illinois case involving a policy which provided that the company would not be liable in case death results wholly or partly, directly or indirectly from gas or vapor. In this case the insured had gone to sleep in a hotel room, leaving a gas jet burning. Someone turned off the gas from the entire building and then turned it on again and the flow of gas from the open jet caused the death of the insured. The court held that the exclusion would not apply because of the fact that the insured did not inhale the gas of his own volition.

#### New Century in Wisconsin

The New Century Casualty of Chicago, which writes plate glass insurance exclusively, has been licensed in Wisconsin. The company is rapidly extending its field of operations, having entered Tennessee only a week or so ago.

## SEEK CHANGE IN KANSAS AUTOMOBILE PROVISIONS

### CONFERENCE WILL BE HELD

Commissioner Baker Would Change Liability Policies from Indemnity Basis

TOPEKA, KAN., Nov. 22.—Commissioner Baker has advised some of the general agents of companies writing public liability insurance on motor cars that some time in December he will call a conference relative to a change in the policy terms for this line. The plan has been in contemplation for some time as the complaints have been accumulating rather heavily in the last few months and the department has come to the conclusion that there ought to be a change.

#### Now Merely Indemnity

Some present policies provide that the insurance company will pay a loss only in the event the insured is compelled to pay. This has resulted in a considerable number of instances being brought to the attention of the department whereby liability was acknowledged or proved yet no one paid a dime. By the terms of the policies the insurance company does not pay until after the insured has been forced to pay. In most of the complaints that have been presented to the department a judgment in the courts has been obtained against the insured. But the owner of the car happens to be judgment proof and there is no way to collect from him. So long as the insured does not have to pay anything the insurance company does not have to pay. There is no way for the injured person to bring suit against the insurance company or collect from it.

#### To Hold Conference

The department may insist upon a re-writing of the policy to provide that in the event of a judgment entered against the insured if he does not pay the insurance company will be required to pay the judgment. The department does not want to make any order until the companies have been given an opportunity to lay before it their views of the situation and the reasons for the particular clause in the policies.

Mr. Baker has already arranged for one meeting to be held shortly after the commissioners convention and it may be that he will seek to have the conference on the motor car policies about Dec. 15 also. If not about that date, it may go over until after the opening of the new year.

#### Hear Lott and Stellwagen

The Noonday Knockers Club, an organization of 20 casualty men that meets once a week at Chicago, last week had "Uncle" Edson S. Lott, president of the United States Casualty, and H. P. Stellwagen of the National Bureau of Casualty & Surety Underwriters as its guests. Both men made brief talks as did also Charles H. Eldredge of Chicago. J. C. Bradley of the Zurich is president of the club. Messrs. Lott and Stellwagen were in Chicago for the acquisition cost meeting.

Mr. Lott gave an inspirational talk that was heartily appreciated. He told the casualty men not to believe all they hear. His remark was pointed to the acquisition cost problem at Chicago. He said that if a man will go along and do good work he will find that the other fellow is not as bad as rumor makes out.

Mr. Stellwagen touched on the organization of the claim office recently established by the bureau. By exchanging information on habitual claimants it is expected that some of the evils of fake claims can be cut down.

## STRICTER OBSERVANCE OF RULES EXPECTED

Chicago Meeting on Casualty Acquisition Cost Results in Plans for Progressive Action

### ASSOCIATION MEETS NOV. 29

National Agency Committee to Appoint Subcommittee to Sit with Chicago Body on Excess Agencies

Stricter observance of the acquisition cost rules for casualty insurance in Chicago is confidently expected as a result of joint conferences between the national agency committee of the Casualty Acquisition Cost Conference and the Casualty Underwriters' Association of Illinois held in Chicago Nov. 16-17.

On Nov. 16 the national agency committee met with the executive committee and other members of the Casualty Underwriters' Association, and the excess commission situation was frankly and fully discussed. It soon developed that the situation is not nearly so bad as it had been reported and that the rules are evidently adhered to in most cases.

#### Joint Action Is Necessary

It was made clear that the company executives working alone cannot correct conditions, nor can the local men cure the situation by their own efforts. Therefore plans were perfected for bringing about concerted action on the part of the national agency committee and the executive committee of the Casualty Underwriters' Association, calculated to effect complete observance of the rules.

At the suggestion of the Chicago men the national agency committee voted to appoint a subcommittee of three, to be hereafter known as the Chicago committee. This committee will sit in Chicago for the purpose of reviewing the appointments of each company in excess of its quota as provided by the rules, and shall make to the national agency committee such recommendation in respect of those appointments as in its judgment seems to be proper and just. The national agency committee as a whole shall thereupon consider the recommendations of its subcommittee and shall take action in respect thereto, the decisions of the national agency committee to be final.

#### More Members Suggested

In order that the work of the Chicago committee may be effective, the national agency committee suggested to the executive committee of the Casualty Underwriters' Association that it add three or four companies to its membership, and that it appoint from that augmented committee a subcommittee of three. This subcommittee will function as a complaint committee and, more important, sit with the subcommittee of the national agency committee for the purpose of cooperating with and assisting that subcommittee in all ways possible.

#### Meeting Scheduled for Nov. 29

On Nov. 17 the Casualty Underwriters' Association held a meeting at which the conclusions of the previous day's meeting were discussed. Louis J. Kempf, manager of the liability department of the Travelers and president of the association, announced that the association will meet Nov. 29 for the purpose of electing additional members to the executive committee and appointing therefrom a subcommittee to work in

## NATIONAL SURETY HAS HEAVY LOSS RECORD

### TOTAL FOR YEAR INCREASES

Company Compares Its Record for First Nine Months of 1927 with First Nine of 1926

Total losses paid by the National Surety increased \$2,066,015 for the first nine months of 1927 as compared with the same period of 1926. The 1927 total is \$8,481,611; the 1926 total, \$6,415,595. During the nine-month period of 1927 the fidelity losses on brokers' and bankers' blanket bond losses were \$3,129,973. Forgery and fraud losses were \$553,630. Court and fiduciary bond losses were \$402,375; Contract and other guaranteed bond losses, \$2,505,450. The total of depository bond losses was \$751,945. Credit insurance losses total \$700,659. The losses under the burglary insurance item were \$437,618. Under contracts and other guaranteed bonds alone the increase for 1927 over 1926 is \$1,487,747. Depository bond losses increased \$156,139. Credit insurance losses increased \$328,393.

#### Embezzlement Losses Heavy

William B. Joyce, chairman of the board of the company, said in discussing the company's unusually heavy embezzlement losses:

"Opportunity for embezzlement develops constantly with the growth of business. As each business becomes larger, supervision and detection become more difficult. We recently listed 24 different general methods through which undetected embezzlement may take place. A steamship company clerk, for example, was recently found to have embezzled \$67,000 during a period of eight years without detection."

Mr. Joyce urged that school teachers, parents and employers should constantly stress the benefits of honesty as a life policy. "The hopeless, desperate faces in a penitentiary are the most convincing honesty lesson," he said.

During the first nine months of the current year the company's forgery losses increased from 3,156 to 3,429. Miscellaneous fraud losses increased to 23,341 from 21,651. A decrease in the number of losses is shown under the burglary insurance item, the 1927 total being 1,044 and the 1926 total 1,332.

cooperation with the national agency committee.

The meetings last Wednesday and Thursday were largely attended, and it was obvious that there is new enthusiasm for the rules. The opinion was generally expressed that the proposed plans will undoubtedly succeed in securing the cooperation of all local men in the observance and enforcement of the casualty acquisition cost rules.

The main complaint in Chicago is the excess number of general and regional agencies appointed by some of the companies. This is merely a scheme for paying excess commissions. The main lines involved are burglary and plate glass although there has been more recent complaint that automobile liability commissions are involved. In addition to the excess number of appointments there is complaint that excess brokerage is being paid. Owing to the fact that a number of new companies have entered the field, competition has become more severe. All companies are scrambling for business. This has caused some to break over the traces. Others, suspicious of what their competitors are doing, think they must protect their business. The joint committee will carefully survey the conditions and ascertain the situation regarding each company. It is thought that working through a joint committee more effective action can be secured.

## COMPETITION INCREASED IN CASUALTY FIELD

### NEED FOR REAL SALESMEN

F. P. Stanley of the Glens Falls Indemnity Says More Companies Will Enter the Arena

F. P. Stanley, vice-president of the Glens Falls Indemnity, in his talk to the Tennessee agents at Knoxville, said that local men should know their business thoroughly and be well acquainted with the contracts they are selling if they intend to render the greatest service and be regarded as masters of their calling. He said that he is opposed to companies licensing incompetent agents. He favors agency qualification laws. He criticized agents for not studying their business more, for not reading the literature of their business and for not preparing themselves to do really efficient work. No sale, he said, is a success unless the salesman has done his work intelligently. Agents, he asserted, should master sales arguments. Unless they understand their policy contracts they cannot successfully present them.

#### Must Analyze Prospect's Needs

Mr. Stanley declared that an agent must analyze the needs of his prospect. He thinks there is too much haphazard work going on. He characterized much insurance work as mere peddling. The successful agent must be a salesman. He called attention to the increased competition in the casualty field due to the companies going after the new business more energetically and also to the new companies that have entered the business. The big fire fleets now feel they must have a casualty running mate. Mr. Stanley said that he knew of three more fire insurance organizations that are contemplating organizing casualty companies. Because of this increased competition it will be necessary for a local agent to be a more successful salesman. He must be able to create interest on the part of the prospect.

Mr. Stanley declared he had no respect for an agent that has both stock and mutual companies in his agency. He said that an agent should believe in one form of insurance and stick to it. The stock and mutual plan, he said, will not mix. Mr. Stanley said that in his opinion the agents today are too self satisfied. They are not sufficiently ambitious. He told the agents they should study themselves and endeavor to strengthen their weak spots.

#### After Plate Glass "Service" Concern

LANSING, MICH., Nov. 23—Certain garages throughout Michigan have been acting as agents for a plate glass "service" concern which has been selling what amounts to glass breakage insurance on automobiles. It has been discovered by the Michigan department, which is investigating the matter and promises to put a stop to the practice.

It is called the "Thoma Replacement Glass Service" and is operated by Thoma & Son of Fairfield, Ia. Motorists are induced to make application for the service, the application form being a simplified insurance application form in all essentials, although insurance is not mentioned. The size of the individual applicant's fee is determined by the model of his car and the amount of glass it contains. The "service" consists of replacing any broken glass sustained by the car, apparently no matter what the cause.

It appears probable that if evidence is obtained that garages have actually been selling the coverage their proprietors will be charged with soliciting unauthorized insurance, a felony in Michigan punishable by a jail term of up to 90 days or a fine of up to \$1,000.

The Illinois State Trust Company of East St. Louis, Ill., has been appointed casualty general agent by the Century Indemnity.

## CASUALTY ACTUARIAL SOCIETY IN SESSION

President Perkins and Other Officers of Past Year Are Re-elected

### MANY TOPICS DISCUSSED

Importance of Casualty Reinsurance and Hazards of Installment Notes Particularly Treated

Sanford B. Perkins, assistant secretary of the Travelers, was reelected president of the Casualty Actuarial Society at its annual meeting in New York last week. The other officers who were reelected were: Vice-presidents, George D. Moore, assistant secretary and actuary of the Royal Indemnity, and Thomas F. Tarbell, actuary of the accident and liability department of the Aetna life; secretary-treasurer, Richard Fondiller of Woodward, Fondiller & Ryan, consulting actuaries; editor, Robert J. McManus, assistant statistician of the compensation and liability department of the Travelers; librarian, William Breiby of Fackler & Breiby, consulting actuaries. Three new members of the council were elected as follows: Roy A. Wheeler, vice-president and actuary of the Liberty Mutual; William M. Corcoran, actuary of the Connecticut insurance department; Everett S. Fallow, actuary of the accident department of the Travelers.

#### President Perkins Presided

The attendance at this convention was the largest in the history of the organization. The discussions were opened by President Sanford B. Perkins. J. M. Powell, actuary of the Columbian National Life, read a paper on "Premiums and Reserves for Deferred Payment Protection." Mr. Powell's paper was primarily a theoretical discussion of the rates prepared by the committee of five on statistics of the Bureau of Personal Accident & Health Underwriters. The author brought out that this class of insurance has not been written for a sufficient length of time to yield reliable statistics upon which to calculate premiums. He thus took as a basis the combined experience of various companies under commercial accident and health policies. While he believes that the rates produced are adequate with conservative underwriting, he pointed out many factors that must be taken into consideration before using the rates.

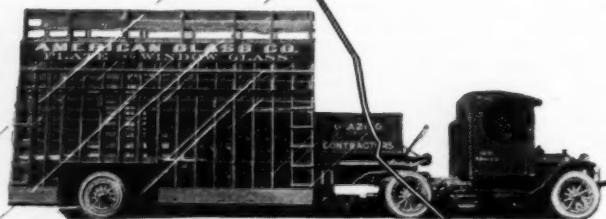
Nellus C. Black, superintendent of the statistical division of the Maryland Casualty, discussed "Methods for Setting Up Reserves to Cover Incurred but Not Reported Loss Liabilities." Mr. Black dealt first with the question of what makes up this liability and then discussed the intangibility of the matter involved, concluding that all purposes will be answered if the unknown qualities are acknowledged as indisputable and formula methods for the setting up of the reserves are adopted.

#### Discusses Reinsurance

W. W. Greene, actuary and controller of the General Reinsurance, analyzed the position of the reinsurance company in the casualty business. Mr. Greene said that it is well known that from 1890 to 1926 the net premium income of casualty companies in the United States grew from less than \$8,000,000 to more than \$800,000,000, but that it is not so generally known that in recent years the volume of reinsurance premiums in the casualty field have increased relatively more rapidly



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than the net premium income. Basing his figures on the experience of companies writing about 70 percent of the total casualty volume, he reports that at the end of 1915 the ratio of reinsurance premiums to net premiums was only 3.5 percent, whereas at the end of 1925, this ratio had become 8.3 percent. From an analysis of the same figures, it is evident that during 1926 the countrywide volume of casualty reinsurance premiums was not less than \$60,000,000.

Mr. Greene pointed out that reinsurance is one of the foremost present problems of the casualty business. He proceeded to trace the history of the evolution of the reinsurance treaty, carrying it through the "facultative" stage, the "open treaty" stage and the "fixed treaty" stage. He then outlined various forms of reinsurance cover and certain aspects of the accounting contracts.

#### Need Single Treaty Plan

Mr. Greene said that in his opinion the satisfactory solution of the insurance problems depends upon a more general adoption of the principle of the fixed treaty with a reinsurance company. This means that with but few exceptions a given direct writing company should place all of its reinsurance business with a single reinsurance company in accordance with a comprehensive fixed treaty or group of fixed treaties.

Mr. Greene pointed out that during the past decade the reinsurance companies have but little more than held their own, the 1925 total business being hardly a greater proportion than that ceded in 1915 to the single reinsurance company then operating. He believes, however, that with the development of this class of business, the reinsurance company being recognized as the proper medium for casualty reinsurance, will achieve its proper place in business. It will replace all of the decentralized arrangements for mutual participation in underwriting and will stabilize the casualty business insofar as the reinsurance treaties are concerned. The company specializing in reinsurance will then become a factor in the business, bringing to the direct writing company all the reinsurance facilities it needs, relieving the primary carrier from its present burden of supervision and clerical detail and aiding the casualty companies through a logical alignment of their resources to carry the greatest volume of business commensurate with their financial strength.

#### Analyzes Installment Notes

An interesting discussion of installment note guarantees by surety companies was given by Luther E. Mackall, vice-president of the Metropolitan Casualty. Mr. Mackall said that this is becoming an important phase of surety underwriting. It has been experimented with for sometime, not altogether without loss, but his opinion is that such bonds can be written and with profit, if conservatively and carefully underwritten. Mr. Mackall said that the importance of the installment note guarantees can be realized by a casual reference to the size of the installment business. Over 70 percent of all automobiles sold are on the installment plan and a large percentage of household furnishings are also sold on this plan. In the case of the larger finance companies, no surety company assistance is needed, as they can secure adequate rediscount facilities by virtue of their own strength.

#### Small Houses Need Help

In the case of the smaller finance companies, however, there is a great need for rediscount facilities which can only be secured through some such aid as that given by surety companies through these installment note guarantees. Mr. Mackall reviewed some of the important plans by which this service has been extended and also the five losses which have been incurred since the experiment was first undertaken. These losses have varied in size, some of them running several hundred thousand. In writing these bonds, it would

appear that there is adequate security and that the surety company has a feature which is the equivalent of a 100 percent collateral bond. He pointed out that the loss experience indicates that there is a vast difference between the actual and the theoretical risk on business of this class. Theoretically, the companies should be able to handle this business without any loss whatever, yet as a matter of fact, the loss ratio on this class of business will probably be much higher than the average loss ratio on surety business.

#### Suggest Some Practices

Mr. Mackall suggests some general underwriting policies which he believes advisable in this class of business. He believes that the companies should adhere strictly to the policy of handling such bonds only for finance companies engaged exclusively in this line. Dealer or manufacturer risks offer additional hazards which impair the soundness of the bond. Also it is wise to confine the bonds to cover installment notes on commodities of considerable value, where the repossession would be a relatively small factor in the cost. In the losses actually experienced, it has been found impracticable to undertake repossession in some of the less expensive items, a full loss being incurred as a result.

#### Guaranteeing Automobile Paper

In connection with the guaranteeing of automobile paper for finance companies, Mr. Mackall believes that only notes of the ultimate purchaser at retail should be guaranteed, all dealer notes being eliminated. He also believes that notes representing the deferred payments on taxicabs should not be considered, as this is manifestly a substandard class of paper on which the percentage of defaults is very large. Truck paper is also a dangerous division. Also the note should only be considered where the cash payment under the installment plan is not less than 33 1/3 percent on new cars and 40 percent on old cars. A further condition for sound underwriting would be a limitation of the finance company borrowing on cars to four times its net paid in capital and surplus, this to be permitted only to provide for the "peak of the load" during the late spring or early summer months.

#### Must Investigate Notes

These principles established, the main problem then is to investigate the notes to be sure that all are genuine notes, actually made by the person whose name appears on them, and also to be sure that each person has been investigated as a good prospect. In order to make this check it is essential to have the finance company present a certified audit analyzing the condition of the paper written. Mr. Mackall sees a notable growth in this class of business in the coming year and believes that it can be successfully operated if those writing such bonds are conservative and careful.

The prize of \$50, donated by J. H. Woodward of Woodward, Fondiller & Ryan for the best paper by a member of the society during the past year, was awarded to Paul Dorweiler of the Aetna Life for his paper on "Excess Reinsurance."

#### Receiver for Taxi Mutual

BOSTON, Nov. 23.—The temporary injunction issued last week against the Independent Taxicab Owners Mutual, formed by taxicab owners to carry their own automobile liability insurance under the Massachusetts compulsory act, was made permanent Friday and Donald E. Mayberry was appointed receiver to wind up the affairs of the company.

The company carried on its books some 700 independent taxicab owners in and about Boston. Their insurance expires with the appointment of the receiver and the registrar of motor vehicles has notified all members that new insurance must be taken out within five days or car registrations will be revoked and the cabs put off the highways.

# Independence Agents

you are

## A Privileged Class!

You not only have for sale, under the Independence emblems, all the usual insurance coverages but also possess the distinct advantage of being able to offer certain exclusive and highly desirable policies, *and these can be obtained of none but an Independence Agent.*

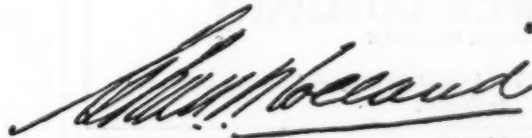
One of the most valuable of these is

**T A P**

(The Accident Policy)

—a really remarkable accident policy, meeting the needs of so wide a variety of people in such a liberal spirit that it has leaped into wide popularity.

You are urged, forthwith, to begin a concentrated sales campaign that will put every eligible person in your territory under T A P protection. In doing this you will be free from competition.



President



**The INDEPENDENCE COMPANIES**

Home Offices — PHILADELPHIA

Casualty Insurance • Surety Bonds  
Fire Insurance



—+ These Companies maintain Human Relations with their Agents, Brokers and Policyholders +—





## A FREE ADVERTISING SERVICE for BUSY INSURANCE AGENTS

The time of the successful insurance agent is occupied in making personal contacts. He hasn't the time to prepare advertising to pave the way for his personal calls. Is this your problem?

Agents representing the Standard find that their personal contacts are made easier—that they can produce more business because they have at their service one of the largest and best equipped insurance advertising departments in existence.

Creative work—special ads—addressing, filling and sealing of individual direct mail campaigns—and furnishing of special newspaper ads for local use are a few features of this service furnished free to Standard agents.

*Write today for actual samples and information about this expert service.*



## STANDARD ACCIDENT INSURANCE COMPANY

DETROIT, MICHIGAN

*One of The Oldest and One of The Largest Casualty and Bonding Companies in America.*

FULL COVERAGE  
AUTOMOBILE CONTRACT  
Embracing  
FIRE  
THEFT  
PUBLIC LIABILITY  
PROPERTY DAMAGE  
COLLISION  
TORNADO

Established 1910



HEALTH  
ACCIDENT  
ANNUAL  
SEMI-ANNUAL  
QUARTERLY  
MONTHLY  
PLAN  
SPECIAL AUTO  
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*Desirable Open Territory in  
OHIO, INDIANA, W. VIRGINIA, PENNSYLVANIA and KENTUCKY  
Write Agency Department*

## THE AMERICAN LIABILITY Co.

CINCINNATI

## WORKMEN'S COMPENSATION

### EXPECT ACTION IN RATE CASE

**Decision May Be Given by Commissioner Baker This Week on Compensation Increase**

TOPEKA, KAN., Nov. 23.—Final action on the rehearing of the application of the insurance companies writing compensation lines in Kansas for an increase in rates is expected this week. Commissioner Baker announced that he hoped to have the record completed and the decision ready within a few days.

E. H. Henning and Irwin Snattinger, inspectors for the department in compensation rate questions, have returned from New York with their report on the checking of the revalued claims of the companies during the policy years 1923, 1924 and 1925. While no indication of the decision of the department in the rate appeal has been made, it has been intimated that no relief would be granted the companies. It is believed that the department feels that the companies did not make sufficient showing of the need for increased rates under the new law. The companies sought an increase of 13 percent over the existing rates, and presented the claims for the three policy years, revalued as if paid under the new law, to show that the increase was needed. At the hearing not all the information about these claims was available and the inspectors were sent to New York to re-check the claim files.

Definite information is lacking as to just what the inspectors found, and this will not be disclosed until the final order on the rates is announced. But it is said that there were discrepancies of as high as 22 percent found in the death, total permanent and total partial disability claims as revalued under the new law.

### Minnesota Revisions Ordered

ST. PAUL, Nov. 23.—The Minnesota compensation board has ordered rates revised in approximately 54 of the 700

classifications covered by the state compensation insurance law. Twenty increases were ordered and 34 decreases. The insurance companies, through the Minnesota rating bureau, had proposed 149 changes, including 98 increases and 51 decreases.

The net result of the changes ordered will probably be a decrease in premiums. Several rates were ordered reduced to formula and several others increased to formula but the vast majority of the rates were left unchanged. The classifications on which changes were ordered will go on the new rate basis Dec. 1 on both new and renewal business. The minimum premium formula together with the exceptions heretofore approved continue in effect.

### City Need Not Make Reports

ST. LOUIS, Nov. 23.—Departments of the city of St. Louis that employ workmen and mechanics are not required to make reports of accidents to the state workmen's compensation commission for statistical purposes, the attorney general has ruled, because the city has not elected to accept the provisions of the compensation act. The ruling was requested by the compensation commission after the city officials refused to report an accident that resulted in serious injury to an employee of the sewer department.

### Will Write Oklahoma Mines

OKLAHOMA CITY, Nov. 23.—Permit to operate in Oklahoma has been issued by the insurance department to the American Mine Owners Casualty of Huntington, Pa., with T. E. Braniff of Oklahoma City as state agent. It proposes to handle compensation insurance on coal mines, besides writing employers' liability and public liability insurance.

### Compensation Is Denied

ST. PAUL, Nov. 23.—An automobile driver who started out on a trip after 10 p. m. with a drunken companion could hardly be considered as doing so in the regular course of his work and the Supreme court has affirmed the industrial commission in denying compensation to the employee. The Maryland Casualty was the insurer.

## ACCIDENT AND HEALTH

### CAN'T MAKE POLICY GENERAL

**Suit Against Federal Life on "Tribune" Policy Under Michigan "Type Statute" Is Unsuccessful**

Efforts to apply the Michigan statute to the effect that if the printing of one part of a policy is not as prominent as another, the part that is printed in prominent type will control, so as to make the Chicago "Tribune" travel accident policy issued by the Federal Life a general accident policy, were defeated last week when the case of Kirkby vs. Federal Life, involving that point, was decided for the company. In that policy the benefits granted under the three sections are printed in bold type, although of the same size as the rest of the policy. It was contended by attorneys for the plaintiff that under the case of Van Deusen vs. Interstate Business Men's, decided some months ago, which attracted much attention at the time, the parts of the policy printed in bold type established the benefits to be paid, and the parts in lighter type, which specifically describe it as being a travel accident policy, should be eliminated from consideration. This would make it a policy that would pay the benefits listed for any kind of accident.

The case was submitted on stipulation and the court in its ruling holds that there is no statement in the policy that can reasonably be construed as promising to pay general indemnity. It states

that attention is repeatedly called in the policy to the fact that the indemnity is in no event general in its character.

The Michigan statute refers particularly to "restrictive clauses" and the court holds that the sections in question do not contain any exclusion or reduction in the indemnity promised.

In construing the statute at issue, the court said it is necessary to bear in mind the evil sought to be remedied and to adopt a sensible construction, avoiding an unjust or absurd construction of the provisions in question.

### Company In New Quarters

The Great Northern Casualty of Chicago has moved into larger quarters on the 16th floor of the Great Northern building, 20 West Jackson boulevard. A short while ago B. H. Manning was elected secretary of the company. Mr. Manning formerly was manager of the accident and health department of the Continental Life of St. Louis.

A. H. Reed, formerly California manager of the Continental Life, is superintendent of agents of the Great Northern. The company has issued a number of new and up-to-date accident and health policies and is making a strong bid for business in Illinois and Indiana.

### Brusoe with Commercial Casualty

R. H. Brusoe, formerly superintendent of the accident and health claim department of the Massachusetts Bonding, has resigned to assume similar position with the Commercial Casualty at its home office in Newark. He has had 8½ years experience in this capacity and will be



# Motor Transportation

## *A Rapidly Developing Business*

### **Ætna Policies for the Motor Truck Owner**

#### **For Himself**

Life Accident Health

#### **For His Automotive Equipment**

Public Liability Collision  
Property Damage Fire  
Theft Miscellaneous Perils

#### **For His Warehouse**

Fire Explosion Tornado  
Rental Value Public Liability  
Elevator Liability and Property  
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General Transportation  
Motor Truck Contents

#### **For His Working Capital**

Hold-up Paymaster Robbery  
Safe Burglary Fidelity Bonds  
Check Alteration and Forgery  
Workmen's Compensation or  
Employers' Liability

**ÆTNA-IZE**



**M**OTOR TRANSPORTATION is fast becoming a great public service, supplementing the railroads and steamship lines in the distribution of merchandise and the moving of personal possessions. Manufacturers are using motor fleets for the shipment of their goods and great networks of interurban and interstate lines are being developed as public carriers. Since its function is essentially economic, adequate insurance is just as necessary as proper equipment.

¶ The Ætna-izer has unusual facilities to offer the motor truck owner. He can not only provide protection against all insurable hazards, but can also analyze those hazards and chart the protection needed, so as to make expert recommendations based on facts. This service is made possible through the Ætna Plan.

¶ Another much appreciated feature of Ætna Service for motor truck owners is Ætna Automobile Fleet Protection. This includes a well-rounded Accident Prevention program, carried on under the supervision of Ætna Safety Engineers.

*All in all the Ætna-izer is splendidly equipped  
to render maximum service to his clients.*

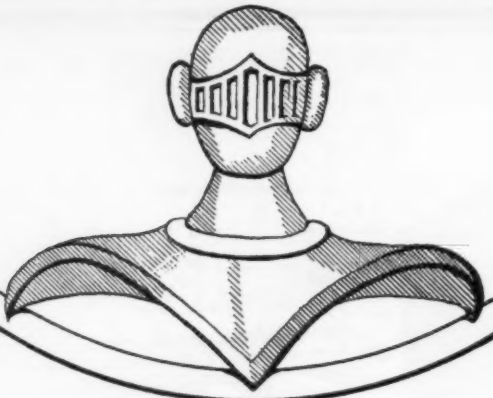
**ÆTNA LIFE INSURANCE COMPANY**

*and affiliated companies*

**ÆTNA CASUALTY & SURETY CO. AUTOMOBILE INSURANCE CO.**

**of Hartford, Connecticut**






## How Many Days till Christmas?

Christmas is coming and the holiday shopping crowds are beginning to tax the capacities of the stores and shops where gifts are sought. These abnormal conditions are bound to bring accidents and the wise merchant safeguards himself with liability protection.

No agent should neglect this opportunity that the holiday season offers to increase his premiums.

Southern Surety agents have their eyes open and are now busy writing liability coverage.



### SOUTHERN SURETY COMPANY

HOME OFFICE  
DES MOINES, IOWA

C. S. COBB, President

a valuable addition to the staff of the department.

He succeeds M. S. Duffield, who has resigned to enter the field as a personal producer.

#### Receiver for Arkansas Companies

The Arkansas department has declared the Commonwealth Life and Commonwealth Accident of Little Rock insolvent and their accounts have been turned over to the attorney general for liquidation. The life company was formed in June, 1925, and the accident company in December, 1926, as stipulated premium. S. R. Thomas was president and W. A. McCallum treasurer.

The petition for the appointment of a receiver was granted by Chancery Court and S. L. White of Little Rock was named receiver. Another move to obtain a receiver for the companies was made by Attorney General Applegate. Chancellor Dodge announced that the hearing would be continued and promised to consider any objections to Mr. White as receiver or any suggestions as to who should be named.

#### Claim Association Reelects Officers

The Chicago Claim Association at its annual meeting last week reelected all of its present officers for another year, as follows: President, T. W. Hislop, Great Northern Life; vice-president, Edgar Harrold, Pacific Mutual Life; secretary, A. W. Pettit, Federal Life; treasurer, J. C. Brown, Standard Accident.

This will be Mr. Hislop's fifth consecutive year as president of the association. Prior to his election as president he served for three years as secretary. He has been very prominent in the activities of the International Claim Association, as well as in the local organization.

#### Empire Officials Honored

A surprise dinner was given last Saturday evening in Indianapolis to the three officers of the Empire Life & Accident, Charles S. Drake, president, James M. Drake, secretary and treasurer, and William S. Taylor, vice president and counsel. These three men founded the company in 1908. About 200 agents were present at the dinner which celebrated the company's 19th anniversary. The company does an industrial life and accident business and has over 75,000 policyholders.

#### National L. & A. Promotions

J. A. Fries, who has for several years been in charge of a staff in the Savannah district for the National Life & Accident, has been promoted to manager of that district. M. O. Akers of Dallas has been promoted to a superintendency and transferred to Sherman, Tex. J. J. Bacon

of Knoxville, Tenn., has been promoted to a superintendency there.

#### One Committee Omitted

The list of committee appointments of the Health & Accident Underwriters Conference, issued last week, omitted the names of appointees to the educational and publicity committee. The following are members of this committee: E. C. Budlong, chairman, Federal Life; W. G. Alpaugh, Inter-Ocean Casualty; S. C. Carroll, Mutual Benefit Health & Accident.

#### Inter-Southern Enters California

The Inter-Southern Life of Louisville, has been licensed in California, writing newspaper accident and life. Raymond Nettleship of Los Angeles will represent the company as general agent.

#### National L. & A. Promotions

Several promotions have been announced by the National Life & Accident of Nashville, Tenn. G. E. Whittier of Detroit has been appointed a superintendent, after an excellent service in the field. S. S. McWright of Pittsburgh has been promoted to a superintendency in that district. F. A. McDougal of Fort Worth, Tex., is named a superintendent in that city. W. A. Brock of Huntington has been made a superintendent in his district.

#### Reinsures Peerless Accident Business

The National Protective of Kansas City, has reinsured the accident business of the Peerless Life of that city. Robert A. Ridgeway is president of the National Protective and Ross J. Ream is secretary. The Peerless, of which H. O. Maddox is president, is being liquidated.

#### Craig Makes Agency Visits

President C. A. Craig of the National Life & Accident of Nashville has returned to the home office from a swing through the south, during which he visited six districts and held agency dinners in each of these. Mr. Craig visited Chattanooga, Knoxville, Atlanta, Columbus and Macon. At Columbus there was a banquet given in honor of Manager Broyles and his staff, to celebrate their victory in the company contest. Mr. Craig, G. C. Lynch, general manager of the southern division, B. D. Broyles, the local manager, and several others spoke at this dinner.

#### Accident Notes

License was issued by the Texas department Thursday to the Universal Relief Insurance Company of Fort Worth. The company will conduct a mutual assessment accident insurance business.

### AMONG SURETY MEN

#### FIDELITY BOND LOSSES HIGH

Record for 1927 Is Extremely Unsatisfactory—Talk Upward Revision of Rates

NEW YORK, Nov. 23.—Losses under fidelity bonds have been excessive thus far in 1927, and the underwriting fraternity is considerably upset in consequence. Defaults by trusted bank officials have not only been in large number, but the sums lost have aggregated hundreds of thousands in some cases, with but a small percentage of recoveries. The record is being critically scanned and in the minds of not a few underwriters an upward revision in rates upon certain classifications would be in order for the new year.

#### To Investigate Surety Practices

TOPEKA, KAN., Nov. 22.—An investigation into alleged boycotting of Kansas counties by some surety companies is under way by William A. Smith, attorney general. The investigation was started by the attorney general because of numerous complaints of county treasurers that they were unable to obtain surety bonds and had to hustle personal bonds in order to take office in October. One county treasurer has not been able to take office because she was turned down

so late by the surety company that she did not have time to obtain a personal bond. It is charged that in those counties where the banks have deposited municipal bonds in lieu of surety bonds as security for county funds, the surety companies are refusing to issue bonds on county treasurers and possibly other county officers. The surety companies have enjoyed a large surety bond business in every county and it is charged that they are retaliating against the counties that quit using surety bonds to protect county deposits.

#### McGee & Co. Made Agents

William H. McGee & Co., New York marine agents, have been appointed borough agents of the National Surety. The appointment was made in order that the National Surety may accommodate the brokers located in the marine insurance district. The McGee office is one of the most active in the southern part of the city.

#### Twin City Men Organize

ST. PAUL, Nov. 23.—Surety writers of the Twin Cities met here today to complete the organization of the Twin City Surety Association. A constitution and by-laws were submitted and voted on.

It is hoped to start out with a membership of at least 50 and eventually to increase this. C. H. Van Campen of Minneapolis is the first president; Theodore Engstrom of the Aetna Casualty, St. Paul, vice-president, and John McGee of

the W. A. Land agency, St. Paul, treasurer. Directors include A. E. Adams of the American Surety, Minneapolis, T. C. Fuld of the Rodgers agency, St. Paul, and L. A. Greene of W. B. Joyce & Co., St. Paul.

There will be both voting and associate members.

## PERSONAL GLIMPSES OF CASUALTY MEN

The 49 Club of the New York Indemnity gave a dinner Friday evening to celebrate the completion of Spencer Welton's first year as president of the company. The actual anniversary fell on Nov. 1, but could not conveniently be observed at that time. Norwood Rathbone, president of the club, presided. The guest of honor is a pipe smoker and his associates fittingly presented him a set of pipes, the presentation speech being made by Robert R. Boswell, manager of the metropolitan branch.

W. H. Clawson has been appointed associate general counsel of the National Surety, with headquarters at 4 Albany street, New York, and will exercise a general supervision over the claim and legal department in the 4 Albany street building.

Mr. Clawson is a graduate of the University of Kansas, was admitted to the bar in Missouri, and for a number of years practiced law in Kansas City. In May, 1908, he became associated with the Kansas City claim office of the National Surety and later worked in similar capacity in the Dallas, Atlanta and San Francisco claim offices. In 1911 he was transferred to Minneapolis as assistant to General Attorney J. C. Bennett and upon Mr. Bennett's death in 1915 succeeded to the place of general attorney, which post he occupied until his promotion to the position of associate general counsel. Mr. Clawson is one of the best known surety attorneys in the northwest.

Franklin D. Roosevelt, vice-president of the Fidelity & Deposit, will preside at the annual convention of the American Construction Council in St. Louis Dec. 1-3 as president of that organization. The general theme of this convention is "Assaying the Construction Industry—Its Needs and What Should Be Done About Them."

H. J. Herbert, special field representative for the Southern Surety and a resident of Des Moines, is in a serious condition at Huron, S. D., as the result of a hunting accident near that city. He was injured when pheasant hunting, through the accidental discharge of a gun, the shot piercing his chin and eye.

Edwin W. Levering, Jr., has been elected executive vice-president of the United States Fidelity & Guaranty. Mr. Levering has been connected with the investment banking business in Baltimore practically all of his business life. He started his career with what was then the National Bank of Commerce. On the organization of the banking firm of Baker, Watts & Co. in 1900, Mr. Levering went with that firm and a few years later was admitted to partnership, continuing in that relation up to the present. He was for a number of years a member of the board of directors and the executive committee of the United States Fidelity & Guaranty and has always taken a keen interest in the affairs of the company.

It is understood that Mr. Levering will not assume his new duties until Jan. 1, at which time he will retire from his present firm.

Robert J. Sullivan, whose promotion to vice-presidency of the Travelers was announced this week, entered the service of the Travelers 28 years ago immediately after graduating from the Hartford

## BETTER CONDITIONS IN TWIN CITIES EXPECTED

### ASSOCIATION IS ORGANIZED

Rate Discrimination on Contract Bond Business Will Cease, Belief—Pledges of Cooperation Given

NEW YORK, Nov. 23.—Now that the surety writing agents of Minneapolis and St. Paul have formed an organization for the regulation of the business in their territory, company officials feel that the troubles experienced during the past year or more are at an end. They believe that henceforward the surety business in the northwest will be conducted with a minimum of friction, to the general satisfaction of both companies and agents.

R. R. Gilkey, secretary of the Surety Association of America, armed with complete power to launch a local organization in the Twin Cities, that would deal effectively with the rate discrimination that had been in vogue in connection with contract bond lines, held several sessions with the general agents of Minneapolis and St. Paul some days ago. The result was the foundation of the Twin Cities Surety Association, of which C. H. Van Campen was elected president, and the adoption of a constitution and by-laws the operation of which should effectively prevent a recurrence of the practices recently indulged in, which proved so detrimental to the business.

When Mr. Gilkey outlined the views of the company officials and presented a reform program, representatives of the association offices without a single exception declared their willingness to support the effort, and the earnestness of the pledge cannot be questioned.

Members of the Twin Cities Surety Association are to meet within a few days and arrange certain details in connection with its activities that time did not permit of concluding at the recent gathering.

public high school. He began as a clerk in the actuarial department, working in the division which served the accident department. Five years later, in 1904, he was transferred to the liability department and in 1910 was elected assistant secretary of that department and two years later secretary. In 1922 Mr. Sullivan was elected vice-president of the Travelers Indemnity and since then has been actively interested in the development of the burglary, plate glass, boiler and machinery lines.

### Joint Committee Named

SAN FRANCISCO, Nov. 23.—For the purpose of coordinating insurance interests and cooperating with the legislative committee appointed to go into the matter of compulsory automobile liability insurance a meeting was held in San Francisco Nov. 18. A joint committee, composed of J. R. Molony, chairman; H. E. McClellan, L. H. Armstrong, Arthur M. Brown, Jr., and William Deans has been appointed by the Casualty Underwriters Association and the Pacific Coast Automobile Underwriters Conference to work in conjunction with the legislative committee and it was under this joint committee that the meeting was held. Reports were made covering the status of the matter to date and further plans discussed for cooperating with the legislative committee.

### U. S. F. & G. Illinois Appointments

The United States Fidelity & Guaranty announces the appointment of Carl O. Johnson & Co. as general agents in Rockford, Ill. The company was formerly represented in this capacity by A. G. Parmele. It also announces the appointment of Springer-Allen Company in De Kalb, Ill., on a local contract.

## BANKERS INDEMNITY INSURANCE COMPANY

In 1827 heavy accident judgments were rare, hence there was no demand for liability insurance. That was one hundred years ago.

In 1887, about the time liability insurance was first sold here, policies carried limits of \$5,000/10,000. That was forty years ago.

In 1927, now, we are confronted with the record of verdicts greatly exceeding the limits of forty years ago, while the dictionary description of insurance, "making oneself safe against something" stands as an accusation against those by whom insurance is provided.

The minimum or basic limits sold by this Company are \$7,500/15,000 for personal injuries and \$1,500 for property damage.

Be a 1927 agent. Sell "Bankers Indemnity" policies and increase your clientele.

### Operating in the following States:

Connecticut  
Rhode Island  
New Jersey  
Pennsylvania

District of  
Columbia  
Maryland  
Delaware  
Ohio

Michigan  
Illinois  
Indiana  
Minnesota  
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## LIABILITY — COMPENSATION — BURGLARY — PLATE GLASS — ACCIDENT & HEALTH

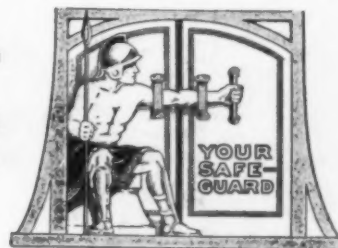
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## BANKERS INDEMNITY INS. CO.

Capital, \$500,000

Surplus to Policyholders Over \$1,200,000

Head Office  
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BRANCH  
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FREDERICK E. WILKENS, Vice-Pres. and Gen. Manager

Get out of the "DANGER ZONE"—into the "SAFETY ZONE"





If it is a question of adequate and intelligent service, to both agent and policyholder, Continental measures up to the most exacting requirements.

## Continental Casualty Company

H. G. B. Alexander, President

CHICAGO

Casualty Insurance

Surety Bonds

*Writing Casualty Insurance  
Fidelity and Surety Bonds*



**FEDERAL SURETY CO.**  
HOME OFFICE DAVENPORT, IOWA

### ASK FOR REMOVAL OF AVIATION RESTRICTIONS

#### FEDERAL ACTION IS URGED

**Milwaukee Men Ask Commerce Department to Make Survey of Insurance Aeronautics Question**

MILWAUKEE, Nov. 23.—Federal government action toward encouraging life and accident companies to remove penalties imposed in some policies in the event that the insured is injured or killed in an aviation accident will be urged by the air service committee of the Milwaukee Association of Commerce, in a petition to William P. McCracken, assistant secretary of commerce in charge of aeronautics. He will be asked to form a commission to survey the insurance-aeronautics question and make it a concern of the national aeronautical conference to be held the week of Dec. 5 in Washington. Stuart F. Auer, prominent insurance man in Milwaukee, is a member of the committee to draw up the resolution.

Wheeler P. Bloodgood of Milwaukee, civilian aide to the secretary of war, said that he had found that a young man with dependents sometimes hesitates to enter the reserve flying corp of the army and navy because of concern as to the effect it would have on his insurance.

#### How Insurance Is Affected

It was asserted that life insurance is not affected, except that it is difficult to get a new policy without its affecting the benefits during the first year or more, and that aviators and those who use air transportation have difficulty in getting accident insurance. Mr. Auer brought out the point that state industrial insurance assessments for injuries or death sustained in flying are prohibitive and that this deters companies from sending salesmen out by airplane and from using air transportation.

The resolution which the committee will draft will point out that casualties due to flying are proportionately small, especially on approved air lines with adequate equipment and competent pilots, and that insurance restrictions are not justified and are a hampering influence to the development of aviation.

#### Appoints West Palm Beach Agency

The National Surety announces the appointment of the Carr-Davis Insurance Agency at West Palm Beach, Fla., as general agent. C. H. Bethel, president of the agency, for the past four years has been engaged in the mortgage investment business in Florida. Recently he purchased an interest in the agency and will hereafter devote himself exclusively to insurance work. Troy Halgher, secretary and treasurer, has for a number of years been engaged in the insurance business in West Palm Beach. Cecil H. Cornelius, vice-president, went to Florida from Atlanta, where for several years he was associated with the Aetna Casualty & Surety, with Hines Brothers, southern managers for Crum & Forster, and with the Georgia compensation bureau.

#### Pays Unique Holdup Loss

ST. LOUIS, Nov. 23.—The Hartford Accident and its St. Louis agents, Lawton-Byrne-Bruner, obtained some advertising by promptly paying a claim of \$2,245 on a payroll holdup at the Bellerive Country Club. The robbery was unique in that the original holdup man was immediately stuck up and kidnapped by two other bandits who had been trailing the manager of the country club.

The first bandit was hiding on the club grounds and when the manager arrived held him up, taking a satchel containing the \$2,245. Almost immediately after this the pair that had been following the club manager appeared on the scene, ascertained that the first bandit had the money, shot him and took him and the money in charge.

The company paid the loss in less than 24 hours.

### MITCHELL IS PRESIDENT OF GEORGIA CASUALTY

#### GETS CONTROL OF COMPANY

**Former Vice-President and General Manager of Commercial Casualty Succeeds W. E. Small**

ATLANTA, GA., Nov. 23.—Friends of Harry C. Mitchell having purchased control of the Georgia Casualty of Atlanta, Mr. Mitchell has been elected president of the company, succeeding W. E. Small, resigned. The financial status of the corporation will be strengthened and a vigorous managerial policy inaugurated. Mr. Mitchell was for nine years vice-president and general manager of the Commercial Casualty of Newark, following which he returned to field work. The Georgia Casualty is one of the outstanding casualty companies of the south and under the new administration should show increased aggressiveness.

#### Heavy Plate Glass Loss

Now that returns are coming in from flooded areas of New England it develops that the plate glass insurance loss will reach a considerable aggregate, one company admitting that its claims from Montpelier, Vt., alone will be close to \$6,000. The main street in the city afforded a channel through which the waters raged with terrific force, floating debris being responsible for the breakage of many expensive store fronts.

#### Celebrate Silver Anniversary

The annual dinner dance of the employees of the Pittsburgh office of the Ocean Accident and Wallace M. Reid & Co., general agents for western Pennsylvania, was held Nov. 21, to commemorate the 25th anniversary of the founding of Wallace M. Reid & Co.

Covers were laid for 120 guests. The principal addresses were given by A. Duncan Reid, president of the Globe Indemnity, Henry Collins of New York, assistant general manager of the "Ocean," and Wallace M. Reid. Charles E. Graham, Jr., acted as general chairman and Charles A. Reid as toastmaster.

#### New Mutual Qualifies

BOSTON, Nov. 23.—The Massachusetts Mutual Liability of Boston, recently incorporated with Representative Alfred N. Labrecque of Quincy and G. W. Simmons, the latter formerly of G. W. Simmons & Co. and the Bristol Mutual Liability of New Bedford, as principals, has qualified under the provisions of the law requiring a certain number of subscribers with a certain volume of premiums paid in and has been authorized to commence business by the Massachusetts department.

#### Effandee Club Entertains

BALTIMORE, Nov. 23.—The Effandee Club, composed of employees of the home office of the Fidelity & Deposit, held its second entertainment and dance Thursday. A silver cup donated for the best skit presented was awarded to the fidelity department. Although the club was organized only eight months ago and is confined entirely to employees in the chain office of the Fidelity & Deposit, it now has a membership of over 500.

The present officers are George Henry, fidelity department, president; S. C. Doolittle, production department, vice-president; R. M. Hopkins, treasurer's office, treasurer; W. R. Gray, comptroller's office, secretary, and August Fromm, fidelity department, assistant secretary.

#### Opens New Orleans Branch

The National Surety has opened a branch office at New Orleans under the direction of James J. Devine. He has been connected with the company as special agent, agent and assistant manager at Parkersburg, W. Va. Janvier & Co., general agents of the National Surety in New Orleans will continue in that capacity. The branch office will be a service office.

## LOOK WITH FAVOR ON RESULT OF CONFERENCE

### OFFICERS WELL PLEASED

Company People Feel That the Conditions in Chicago Will Be Greatly Improved

NEW YORK, Nov. 23.—Very general satisfaction is expressed by casualty and surety executives with results of the conferences held at Chicago during the past week. It is believed that the troubles that have beset both divisions of underwriting in the city for a considerable time past are at least in a fair way of final settlement. The decision to appoint a committee of the Chicago agents to confer with a subcommittee of the national agency committee of the casualty acquisition cost concern in that city is deemed a decidedly forward step and should be productive of great good in the future. The national agency committee will await the naming of the agents representatives Nov. 29 before designating its appointees, so that there be no overlapping of company representation.

#### Position of National Surety

While the National Surety did not withdraw its resignation from the National Bureau, it was understood that the resignation would not be acted upon. Vice-president J. L. Mee, who represented the National Surety at the sessions in Chicago, declared unequivocally that the company was observing all rules of the governing agreement and would continue so to do. The proposals offered by the Chicago surety committee were approved by the company executives without change of any kind. That they will commend themselves to officials of such companies as were not represented at the gatherings is taken for granted.

### SURETY ACQUISITION COST RULES FOR CHICAGO FIELD (CONTINUED FROM PAGE 39)

bankers, brokers and mercantile blanket bonds.

#### V. General Agencies and/or Branch Offices

A. Each company shall be limited to one general agent and one branch office or two general agents or two branch offices, as the case may be, that shall be entitled to accept business from and pay commissions to brokers entitled to receive commission under these rules, provided, however, that each company shall submit to the Chicago committee a list of all agents receiving preferential commissions and the committee in its discretion may allow said company to retain such of said agents on a general agency commission basis as may be fair and just; and, provided further, that as these general agency contracts are discontinued by said company they shall not be replaced by other general agency contracts. This provision shall apply only to the city of Chicago.

B. It is further provided that the action of the Chicago committee on such excess general agencies shall be reported to the national agency committee; and if any company feels itself aggrieved by the action of the Chicago committee, it may file its protest with the national agency committee for review, and the decision of the national agency committee shall be final.

C. If an agent entitled to receive commissions under these rules maintains an office in the city of Chicago and an office outside of the city of Chicago, for the purpose of these rules he shall be considered a Chicago agent.

#### VI. Agency Conventions

Nothing in these rules shall be construed as prohibiting the holding of agency conventions conducted primarily for business purposes, and the payment by the company of the expenses of its representatives who attend such conventions, or as preventing competition among the representatives of the company for the privilege of attending such conventions, provided there is strict

compliance with the following conditions:

A. Attendance at such conventions shall be limited to licensed agents under contract with the company and salaried employees of the company.

B. Agents to be eligible shall have been licensed by the company as fidelity and surety agents for at least 30 days prior to the announcement of the convention date.

C. The offer of attendance at the convention shall contain no inducement designed to attract business and/or agents from other companies nor shall it be used as a means to that end.

#### VII. Business Competition for Prizes

Nothing in these rules shall be construed as prohibiting companies, branch offices or general agents from instituting contests or competitions designed to increase production among their agents under contract for at least ninety days prior to the announcement of the contest or competition; nor shall anything in these rules be construed as prohibiting the recognition of success in such contests or competitions by the award of prizes of small intrinsic value which are given as bona fide recognition of merit and not as compensation.

#### VIII. Miscellaneous Provisions

A. No additional commission, bonus, reward, allowance or compensation of any kind shall be paid on any line of insurance not covered by these rules as remuneration for fidelity and surety obligations of the kinds covered by these rules.

B. Anti-compact states. The rules of this conference shall not be effective in any state, district or municipality in which they may be in conflict with the law.

C. Compliance with resident agency laws. Each company is privileged to use its own discretion in the handling of countersignature cases and in the payment of countersignature charges, provided the total remuneration of any risk, including the commission for countersignature, does not exceed the maximum production cost for the class of business under consideration.

D. From and after the effective date of any rule changing the amount of brokerage permitted to be paid, the brokerage on any existing bond, cancellable by its terms, shall not, on the next and succeeding premiums thereon, exceed the rate of brokerage specified in the rule as modified.

E. Where the basis of compensation to other than general agents is commission, the commission shall constitute the only remuneration which shall be paid, and it shall not be permissible to pay any remuneration in addition thereto, such as profit-sharing or contingent contracts or otherwise.

#### IX. Effective Date of Rules

The effective date of these rules shall be Jan. 1, 1928, on both new and renewal business.

#### X. Revision of Agency Contracts

All companies in carrying out the effect of these rules are required to establish revised rates of commission, in writing, in the contracts with their agents. All registration for all companies shall be filed with the secretary on or before Jan. 1, 1928.

#### XI. Conference Membership

All companies doing fidelity and surety business in the city of Chicago shall be invited to become members of the conference and to subscribe to these rules. If they do not subscribe to these rules within 90 days, the rate of reinsurance commission to be paid them shall not exceed 5 percent on fidelity and surety business and 2½ percent on bankers, brokers and mercantile blanket bonds.

#### XII. Brokerage May Be Limited by Local Surety Associations

In any city where there is a regularly established local surety association, comprised of three-fourths of the representatives writing fidelity and surety business in the city, if such association shall, by a three-fourths vote of all the members thereof, indicate that the members desire the rate of brokerage to be 15 percent on general fidelity and surety business and 10 percent on bankers, brokers and mercantile blanket bond business, the national agency committee shall canvass such vote and if it shall find it regular then the national agency committee shall establish 15 percent on general fidelity and surety business and 10 percent on bankers, brokers and mercantile blanket bond business as the regular rates of brokerage in such city; and the secretary shall promulgate such

fact to all members of the conference and the date fixed by the national agency committee when such rate of brokerage shall become effective.

#### XIII. Qualification of Brokers

A. Each branch office and/or general agency shall furnish to the Chicago committee on acquisition cost a list of all office agents entitled to receive the commissions provided for herein, and that list of agents, together with all brokers listed as members of the Chicago Board of Fire Underwriters, shall constitute the list of agents and brokers entitled to receive commissions on fidelity and surety business provided in these rules.

B. This list may be supplemented from time to time by names of new brokers, individuals, firms or corporations, regularly engaged in the insurance business and not members of the Chicago Board of Fire Underwriters and the committee shall determine the qualifications of such brokers to receive commissions on fidelity and surety bond business.

#### XIV. Pledges

A. The chief executive of each company doing fidelity and surety business in Chicago shall file with the national agency committee a pledge to observe these rules.

B. Each branch office, general agent and all approved preferential commission agents in Chicago shall likewise file with the Chicago committee a pledge to abide by these rules.

#### XV. Complaint Committee

There shall be created by the Chicago committee a subcommittee to be known as the complaint committee. All violations of these rules shall be reported to this complaint committee whose duty it shall be to examine carefully into all complaints as presented. Such complaints as are substantiated in the judgment of the complaint committee shall be forwarded to the national agency committee for its action.

#### Revises Taxicab Rules

Superintendent Beha has modified his ruling regarding the writing of taxicab business in New York, having eliminated the two months' premium requirement. In the past the taxi owners have been

required to deposit two months' premium with the insuring company at the outset, but Mr. Beha points out that the improved conditions in the taxicab branch of the business have enabled him to make this change. It was originally required because of the constant shifting from company to company on the part of the brokers, disorganizing the taxicab insurance business. Since the short rate rule has been put into effect, however, conditions have greatly improved and Mr. Beha has found it possible to eliminate this two months' premium requirement. He has warned the taxi owners, however, that if necessity should arise he will reestablish this requirement.

#### Joins Indemnity of North America

F. Carlton of Montreal, secretary of the Canadian Casualty Underwriters Association, has resigned to become Canadian manager of the Indemnity of North America.

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### COMPANY WITHDRAWS FROM MASSACHUSETTS

#### POOR EXPERIENCE IS CAUSE

Norwich Union Indemnity Announces  
It Will Seek No More New  
Business in State

NEW YORK, Nov. 23.—The Norwich Union Indemnity will cease writing new business in Massachusetts at the close of the present year, until such time as casualty underwriting conditions in the state show marked improvement over those now obtaining. The branch office which has been conducted at Boston for several years will be discontinued. Various important agencies throughout the New England field heretofore reporting to that city will, on and after the first of the new year, report direct to the company here. Acceptable automobile business now on the books will be carried to expiration and complete underwriting and claim facilities will be maintained for the protection of policyholders.

The decision to cease active work in the state was induced by the unfavorable experience of the company under the compulsory automobile liability law. Practically two-thirds of the business of this character written by the Norwich Union will come up for renewal on Jan. 1. President Jackson decided to announce the future policy of the company at this time, affording assured abundant opportunity to arrange for coverage for the new year. The company, President Jackson states, "will continue its license in Massachusetts, and will look forward to the time when it will be warranted in resuming business relations with its many friends in the state."

### TENNESSEE LOCAL AGENTS HOLD LIVE CONVENTION (CONTINUED FROM PAGE 1)

R. P. Barbour of New York, United States manager of the Northern Assurance, gave his address which was regarded as one of the most remarkable ever presented before a Tennessee body. In fact at the close M. H. Grady of Chattanooga in moving a vote of thanks declared that he had attended many state and national agency meetings and said that in his opinion Mr. Barbour's talk was the most rational, sensible and practical that he had heard. Mr. Barbour has a splendid gift of expression. He presents his subject in a pleasing manner. He speaks easily and seldom refers to his manuscript. His manner is equally as attractive as his matter. The applause after he sat down continued for a long time which gave evidence of the appreciation of the audience.

#### F. P. Stanley and H. P. North Addressed the Convention

F. P. Stanley, vice-president of the Glens Falls Indemnity Co., gave a talk on salesmanship. He has appeared at a number of state conventions and is in demand as a speaker. The central thread of his theme was that agents should know their business and contracts if they expect to be successful and render service. They must study their prospects and also study themselves.

H. P. North of the Springfield, represented the Tennessee Field Club and gave a brief talk bringing out some of the ways that local agents can help the business along. Mr. North is one of the strong men in the special agency ranks. The meeting closed with the report of the public relations committee by its chairman, Charles B. H. Loventhal, of Nashville, who, the president stated, was the Adonis of the organization.

#### J. A. Giberson Spoke for the National Association

The Friday session started with the address of J. A. Giberson of Alton, Ill.,

chairman of the finance committee of the National Association of Insurance Agents who represented that body. Mr. Giberson touched on a number of subjects and created wide interest. He always attracts attention when he talks. He is forceful, emphatic, but sincere.

Insurance Commissioner A. S. Caldwell spoke at the meeting. The Tennessee agents felt very comfortable over the fact that Mr. Caldwell was retained in office following the death of Governor Peay. Mr. Caldwell has brought the Tennessee department up to a high standard of efficiency. The agents appreciate his great work.

#### C. R. Reed Is a Real Insurance Teacher

C. R. Reed of LaFollette, former president and one of the stalwarts in the organization, gave a talk following which the association went into executive session. Mr. Reed is one of the outstanding small town agents of the state. In a radius of 30 miles from his home he writes 75 percent of the insurance. This is because of the confidence that people have in his ability and trustworthiness. He is an insurance teacher in his community. Mr. Reed seldom solicits insurance. His clients are his advertisers and producers.

At the executive session J. W. Oliphant of Chattanooga gave his talk on "Local Boards" telling about the situation in his city and dealing especially with the two prominent outside offices. The Chattanooga Board started this year with renewed activity and its members are delighted with what it is accomplishing. They hope to make it more efficient.

At the meeting some of the Memphis agents told about the National Union Fire of Pittsburgh which they claim is appointing solicitors of all kinds in the city thus aggravating the local situation.

#### May Absorb Herculean Fire

An offer to absorb the Herculean Fire of Newark has been made by the management of the Merchants & Manufacturers Fire of the same city. The Herculean Fire is a new organization that has not yet begun business.

#### Dunn Heads Casualty Adjusters

R. J. Dunn, adjuster for the James S. Kemper agency and the Lumbermen's Mutual Casualty, was elected president of the Casualty Adjusters' Association of Chicago at its meeting Tuesday night. Robert T. Luce, Metropolitan Casualty, was elected vice-president, and L. A. Chambers, Illinois Manufacturers, was made secretary-treasurer. There was a large attendance out for the election and to hear Judge Harry Fisher of the Circuit Court. Judge Fisher is a fine speaker and talked on the matter of claim settlements and equity and fairness in adjustments.

#### New Illinois Fire Marshal

SPRINGFIELD, ILL., Nov. 23.—S. L. Segreid of Centralia, appointed state fire marshal to succeed John G. Gamber, resigned, assumed the duties of that position Monday. He has been connected with the state fire marshal's office for many years, having been named to a post in that department by Governor Deneen in 1911, and has lately been acting as superintendent of fire prevention. Mr. Gamber has been serving as state fire marshal since 1917, when he was appointed by Governor Lowden.

Mr. Segreid is the only man connected with the state fire marshal's department that started with the office when it was established years ago by C. J. Doyle, who is now associate general counsel of the National Board. He was formerly a contractor and builder at Centralia. Mr. Gamber has done excellent work in the department. He served as president of the Fire Marshals Association of North America. Mr. Segreid is regarded as a very competent man.

#### Made New York Agents

Sisley, Brinkerhoff, Chonock & Reinhard have been appointed agents in New York City for the plate glass, burglary and forgery departments of the American Surety.

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